EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

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D 8523A



BERLIN FILMS
Will the cameras roll again?
Page 2

World News

## Mideast talks deadlocked as Israeli crisis grows

The latest round of Middle East peace talks ended in virtual deadlock after four days of Washington talks. Israeli delegates flew home, a day later than planned, to face a mounting domestic political crisis after the withdrawal announced by two rightwing parties imperilled the parliamentary majority of the Likud-led coalition. Page 14; Mid-bridge in Mideast, Page 12

**Yeltsin sabotage claim**
Russian president Boris Yeltsin vowed to speed up privatisation and smash monopolies in the face of what he called "sabotage" by powerful forces, including former communist officials. Page 14

**US wants Saddam out**
The US will keep pressing for the overthrow of Iraqi president Saddam Hussein and will meantime ensure that Iraq remains "a pariah among nations," the White House said on the first anniversary of the Gulf war's outbreak. Editorial Comment, page 12

**Papandreou trial ends**
Military helicopters hovered over the Greek supreme court as 13 senior judges considered their verdict at the end of the trial of former socialist premier Andreas Papandreou on corruption charges. Page 14

**Salvador accord signed**
The Salvador government and leftwing rebels signed a peace accord in Mexico City which promises to end a war in which 75,000 people have been killed.

**Police ring car plants**
South Korean riot police surrounded the Hyundai car plants where defiant union workers, armed with steel pipes, are in occupation. They are demanding reinstatement of sacked colleagues. Page 4

**Estonia food crisis**
Estonia's parliament declared a state of emergency because of the country's dwindling food supplies. It created a special committee to control production and distribution.

**Relief workers shot**
The UN postponed evacuation of 15,000 Sudanese refugees from a camp in Ethiopia after four local employees of a German relief agency were murdered by unidentified gunmen.

**Boy of 7 kidnapped**
Hundreds of police combed Sardinia for a seven-year-old Belgian boy kidnapped from a villa in Porto Cervo.

**Death penalty upheld**
Cuba's Supreme Court upheld death sentences on two Cuban exiles convicted of terrorism but commuted the sentence on a third man to 30 years.

**Forged cash haul**
London police were questioning a man about Britain's biggest seizure of counterfeit currency. Forged Dutch guilders with a face value of £20m ($36m) were seized.

**Out of the frying pan...**
EC officials were forced to flee new Brussels premises when fire broke out in the basement. They had moved out of their old office because it was considered a fire risk.

Business Summary

## Italy finds $8.2bn in aid for state groups

The Italian government approved L10,000bn ($8.2bn) in funds for IRI, the state holding company, and Efim, the state industrial holding. The money will be allocated under a formula intended to circumvent a supreme court block on such funds, and to satisfy the European Commission, which closely monitors aid to Italian industry. Page 14

**US ECONOMY:** President George Bush is formulating a package of tax cuts and economic growth proposals to kick-start the economy, but the White House is withholding details until the State of the Union address on January 28 and formal budget presentations the next day. Page 5

**MAXWELL Communication Corporation:** Two secretive Swiss holding companies bought some £50m shares in MCC in April 1991, making them key targets of the investigation into an alleged illegal scheme to support the company's share price. Page 14

**HELICOPTERS:** Aerospatiale of France and Deutsche Aerospace merged their helicopter interests into a new company called Eurocopter to form the world's second biggest helicopter manufacturer. Page 16

**UK BANKS:** TSB Group announced a £47m loss for the year, foreshadowing a series of results from UK banks likely to be the worst in respect of domestic operations since they started to disclose figures almost 20 years ago. Page 15

**NATIONAL Westminster Bancorp,** wholly owned US subsidiary of Britain's National Westminster Bank, revealed a $371.5m loss for 1991, up from $352m in 1990. Page 15

**NOKIA,** leading Finnish technology group, has appointed Jorma Ollila, 41, head of the company's mobile phones division, as president, starting immediately. He will also become chief executive and chairman on June 1. Page 15

**URUGUAY Round:** The US is "drifting towards a preference for managed trade" which is undermining efforts to secure an open multilateral trading system, according to Sir Leon Brittan, EC competition commissioner. Page 3

**AUSTRALIA'S** unemployment rate rose in December to a post-war record of 10.6 per cent, or 910,300, increasing pressure on the Labor government to stimulate the economy. Page 4

**FISONS'** most promising product – Tilade, an asthma drug – has been strongly criticised by US Food and Drug Administration, casting a shadow over the prospects for profits growth at the UK drug company. Page 16

**SIEMENS,** German electrical and electronics group, reported a 6 per cent rise in first-quarter net profits to DM398m ($249m) and indicated that earnings for the year would be around DM2bn. Page 16

**PERRIER:** Italy's Agnelli family came under pressure to launch a direct bid for Perrier, French mineral water group, when the stock exchange authorities refused exemption from the obligation to launch an offer. Page 16

# Germany plans shake-up of stock markets

By Christopher Parkes in Bonn

THE German government yesterday launched a comprehensive package of measures aimed at turning Frankfurt into a world financial centre to rival London, New York and Tokyo.

The proposals are also aimed at polishing up the country's tarnished image in the wake of a series of financial scandals.

At the heart of the plan, is the development of "effective and internationally recognised" supervision of securities markets.

The plan, drawn up by Mr Theo Waigel, the German finance minister, would also :

- Make insider trading punishable with up to two years' imprisonment
- Give fair treatment to investors and provide greater transparency in companies' share registers, in line with international rules of conduct.
- Encourage the country's eight regional stock exchanges to establish a "central stock exchange", providing essential services for the eight from one base.

The measures also include important technical changes aimed at giving financial institutions a bigger competitive edge. Mr Waigel wants the measures approved and written into the statute books by the end of the year.

He said that as the third most powerful economy in the world, Germany needed a fully-developed financial market meeting the finest international standards.

This called for a strong, dynamic, universal banking system, internationally competitive stock markets and an efficient, flexible, high-capacity insurance market.

The federal government is likely to face resistance to some of the proposals from the fiercely independent state governments who fear losses of autonomy.

The Bundesbank, the independent central bank, has in the past opposed some of the liberalisation measures embodied in yesterday's plan.

Mr Waigel proposed legal amendments to give investment trusts greater flexibility. At present, they face strict investment limits.

Under Mr Waigel's proposals they would be able to operate in the money markets allowing them, according to a finance ministry document, to deploy a full portfolio of investment instruments.

The Bundesbank has argued that such liberalisation would interfere with the reserve requirements which financial institutions are required to maintain..

Mr Waigel also urged the increased use of technology, mainly to reduce transaction costs. This would also have the effect of increasing market transparency, liquidity and market security.

German markets have been racked recently by the exposure of insider trading scandals and other abuses. The country's decentralised markets system is also considered by some to put it at a disadvantage in comparison with London, Tokyo and New York for example.

The ministry favours a self-regulatory system for keeping markets in order, but says that whatever its form and methods, the markets authority must have powers of control and sanction, and it must also operate from a single base the better to co-operate with similar bodies overseas.

Mr Waigel was, however, careful to point out that the proven supervisory systems in the eight regional exchanges should continue and their operations should be "integrated" into the national authority.

As well as helping fund the redevelopment of the former DDR, Germany had "a predestined, key role" to play as the conduit for the international financing of the transformation of central and east European countries to market economies.

Background Page 2
Lex, Page 14

Mohamed Boudiaf, who will head the Algerian high council of state following the resignation of president Chadli Benjedid, arrives in Algiers yesterday after 27 years' exile in Morocco

# Nissan to boost UK factory's output by a third

By John Griffiths in London

NISSAN, the Japanese motor manufacturer, plans to increase production capacity at its Sunderland car plant in north-east England by more than a third to 300,000 units annually by next year.

The move, to be announced in Tokyo this morning by Mr Yutaka Kume, Nissan president, will intensify concerns of indigenous European vehicle producers about the potential long-term volume of Japanese car production in the UK.

Nissan is planning for actual output at Sunderland next year of 270,000, more than double the 124,000 achieved in 1991. The latest move to raise capacity – Nissan's second announced increase within a year – will cost £200m ($358m) and bring its output expansion far beyond what most in the industry expected.

The latest spending at Sunderland will create 600 jobs and bring investment at the 760-acre site to £900m. It will make the Nissan project the single biggest inward investment by a Japanese company in Europe, overtaking Toyota's £840m car and engine-manufacturing projects at Derby and Shotton in the UK.

Mr Peter Lilley, UK trade secretary, said the Nissan expansion "demonstrates that we remain the most important home for inward investment in Europe". He said he did not expect objections to the plan from other European Community member states.

The increase will lift Nissan's UK production above the 200,000 originally projected when the venture was first announced in the early 1980s. Last year, Nissan Motor Manufacturing (UK) had said it intended to raise production to 220,000 in 1993. It produced 124,000 cars in 1991 and expects to produce 175,000 this year after production of a second model, the Micra, starts in the second half.

The news was welcomed yesterday by component makers who stand to gain substantial new business. Mr Ian Gibson, managing director of the manufacturing subsidiary, said Nissan's spending with European component suppliers would rise to £850m next year from £600m in 1991. Spending with UK-based suppliers would rise from £425m to £655m.

Continued on Page 14

Nissan flexes, Page 17
car output falls, Page 9

# Ousted president returns to Georgia

By Neil Buckley in Moscow

GEORGIA'S ousted president, Mr Zviad Gamsakhurdia, yesterday returned from exile to the west of the republic and called on his supporters to arm themselves and march on the capital Tbilisi.

The return of Mr Gamsakhurdia, who fled on January 6 after a bloody two-week siege of parliament by opposition forces, poses a serious threat to the fragile stability that has been achieved. It revives the spectre of civil war not just in the capital but elsewhere in the republic.

Local reports said the president had addressed a rally in the western city of Zugdidi, and announced the beginning of a civil war against the military council which seized control of the republic after his escape.

The council responded with a television appeal for a counter-demonstration in Tbilisi. Mr Jaba Ioseliani, one of the two leaders of the council, dismissed the threat to the new government and said troops had already been sent to block any march by Gamsakhurdia supporters.

Mr Gamsakhurdia had been sheltering in Armenia, which had offered him temporary asylum, and where he repeatedly declared he was still president of Georgia.

He arrived in Sukhumi, on the Georgian Black Sea coast, in the early hours.

Some reports suggest he flew via Grozny, capital of the Chechen-Ingush autonomous republic north of Georgia, which has expressed support for Mr Gamsakhurdia and called his removal from power illegal.

The extent of any fresh conflict depends on how much popular support remains for the president and on the effect of the anti-Gamsakhurdia propaganda campaign waged by the new government. Since gaining control of republican television, the opposition has made repeated broadcasts denouncing the president and documenting his alleged abuses of human rights.

Mr Tengiz Sigua, acting prime minister, has accused Mr Gamsakhurdia of a variety of excesses. The accusations range from stealing Rbs200m from state funds before he fled the republic and embezzling more than Rbs1bn during his presidency, to having set up a "private zoo" for his family.

He has also claimed that documents exist showing that Mr Gamsakhurdia was three times diagnosed mentally ill.

Such denunciations seem to have made little impression on the 1,000 or so supporters of the president who have been demonstrating regularly in Tbilisi. He also has a hard core of support in western Georgia, particularly among his own ethnic group, the Mingrel people.

The fact that Mr Gamsakhurdia's support is concentrated in Mingrelia and Abkhazia in western Georgia also raises the possibility of a regional/ethnic dimension being added to the conflict. Tass reported yesterday that Gamsakhurdia representatives were discussing the idea of uniting the two regions into an independent Mingrel-Abkhazian republic.

But Mr Vladislav Ardzinba, chairman of Abkhazia's parliament, said he was unaware of any such discussions.

# French and German groups merge helicopter interests

By Paul Betts, Aerospace Correspondent, in Paris

AEROSPATIALE of France and Deutsche Aerospace yesterday merged their helicopter interests into a new company called Eurocopter to form the world's second biggest helicopter manufacturer after Sikorsky of the US.

Mr Jean-François Bigay, Eurocopter's chairman, said the new company controlled by Aérospatiale wanted to attract other partners including Agusta of Italy and Westland of the UK, its two European competitors. It also wants to negotiate alliances with Asian partners and possibly with a Russian group.

He confirmed Taiwan Aerospace was interested in co-operating with Eurocopter which already has ties with China, Japan and Singapore. The company is also conducting preliminary studies of possible co-operation with a Russian helicopter design group.

In the face of shrinking government defence budgets and a depressed civil helicopter market, Mr Bigay said he expected the number of leading western helicopter manufacturers to decline from eight to about three or four by the end of the decade.

Eurocopter is the first tangible move in this global rationalisation of the depressed helicopter industry. But further rationalisation in Europe is likely to prove difficult in the short term because both Westland and Agusta have so far shown little interest in associating themselves with Eurocopter. Westland, which is associated with Sikorsky, and Agusta are currently co-operating on the EH 101 naval and troop transport helicopter.

Mr Bigay said the combined Aérospatiale and Deutsche Aerospace helicopter operations were expected to show a net profit in 1991 of about 4-4.5 per cent of their combined turnover of FFr12.65bn last year. "Anything below that would be disappointing", he added.

The combined operations won 256 new helicopter orders last year worth FFr3.4bn with Aérospatiale accounting for 216 of them. This was lower than the 290 orders Aerospatiale's helicopter devision won in 1990 and reflected the depressed state of the market, especially in the military business.

Mr Bigay said military orders had reached their lowest level since 1960 and prospects for 1992 remained bleak. A further uncertainty was the German government's recent proposal to reduce its requirement for the new Tiger anti-tank helicopter currently being developed by Eurocopter by DM2bn between 1993 and 2005. Mr Bigay said this could involve between 70 and 75 helicopters.

The Eurocopter chairman warned that the decline in defence spending could lead to more structural problems for the helicopter industry. But Eurocopter planned to strengthen its leadership position in the civil helicopter market to help offset the decline in defence business.



**Weekend FT**

Tomorrow: Voyage of the damned – a slaver's diary of death

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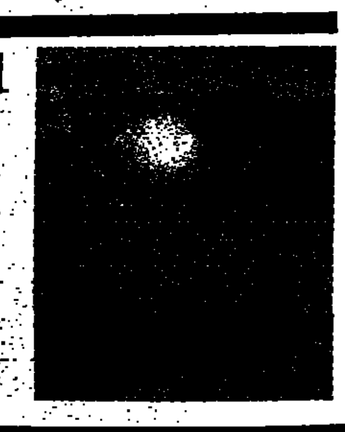
Bordeaux's new white – a taste of the future



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**Speculation continues about China's future leadership**

With speculation about China's leadership once Deng Xiaoping and other ageing officials pass from the political scene, attention is focused on two men who have emerged as the country's "economic czars" Page 4

MARKETS

**STERLING**
**New York lunchtime:**
$1.765
**London:**
$1.7605 (1.756)
DM2.85 (2.8475)
FFr9.7125 (9.715)
SFr2.53 (2.5325)
Y225.75 (225.5)
£ index 90.0 (89.9)

**GOLD**
**New York Comex Feb**
$357.0 (354.7)
**London:**
$357.65 (354.55)

**N SEA OIL** (Argus)
Brent 15-day
$$17.95 (17.90)

Chief price changes yesterday: Page 15

**DOLLAR**
**New York lunchtime:**
DM1.615
FFr5.505
SFr1.4335
Y128.0
**London:**
DM1.6185 (1.622)
FFr5.5175 (5.5325)
SFr1.437 (1.4425)
Y128.3 (128.4)
$ index 63.4 (63.4)
**Tokyo close:** Y128.43

US lunchtime rates
Fed Funds: 3⅞%
**3-mo Treasury Bills:** 3.89%
**Long Bond:** 104⅜
yield: 7.62% (7.556)

**STOCK INDICES**
**FT-SE 100:**
2,541.6 (+4.5)
**FT-A All-Share:**
1,211.58 (+0.3)
**FT-SE Eurotrack 100:**
1,131.02 (−9.50)
**New York lunchtime:**
DJ Ind. Av.
3,246.87 (−11.63)
S&P Comp
417.61 (−3.16)
**Tokyo:** Nikkei
21,612.19 (−162.94)

**LONDON MONEY**
**3-month interbank:**
$10\frac{11}{16}$% ($10\frac{11}{16}$%)
**Life long gilt future:**
Mar 97 $\frac{7}{16}$ (Mar 97¼)

# Tobacco lobby heads off advertising ban

By David Buchan in Strasbourg

THE TOBACCO lobby last night won a temporary reprieve when the European Parliament threw back into committee a Commission plan to ban all tobacco advertising except at the point of sale.

The controversial proposal, which follows a 1989 EC ban on tobacco advertising on television, hit a procedural hurdle when some heavily-lobbied MEPs successfully demanded an opinion from the legal affairs committee on whether Brussels was right to propose the measure for adoption by majority.

It will therefore be next month before the parliament can give the proposal a first reading.

If this measure ends up requiring unanimity among EC governments, MEPs will be allowed only a minor consultative role. It is thus a tribute to the tobacco lobby's clout that a fairly large number of MEPs appear ready to forgo the extra amending power which the parliament has on measures presented for majority decision. This is especially so given that the Commission claims tobacco advertising accounts for only 1.6 per cent of all publicity spending.

Gary Mead, Marketing Correspondent adds: The decision to refer the draft on tobacco advertising back to the parliament's legal affairs committee was described yesterday by Mr Lionel Stambrooke, European affairs director of the London-based Advertising Association, as extremely significant.

"It's clear that proponents of the ban always did have an Achilles heel – the legal basis for the ban. Now the arrow has hit it."

Mr Stambrooke believes that the legal affairs committee, which is heavily dominated by lawyers, is now likely to change the legal basis of the proposed draft on prohibiting tobacco advertising, to bring it under the aegis of Article 235 of the treaty of Rome – requiring unanimity among the Council of Ministers – rather than Article 100, requiring a simple majority vote.

The setback to a complete ban on all forms of tobacco advertising will be welcomed not only by tobacco companies, but also the overwhelming majority of British newspaper and magazine publications, which gain considerable revenue from such advertising.

Despite the UN-brokered ceasefire, a Croatian militiaman was still in training yesterday in Dalmatia

# Dispelling German scent of scandal

By David Waller in Frankfurt

THERE is one word which is not mentioned in yesterday's long and carefully argued paper from the German finance minister on financial market reform: that word is scandal.

And yet scandal is the word that has been the word on every Frankfurt financier's lips in the last year, and there is no doubt that it is scandal that has driven the Finance Ministry to launch yesterday's comprehensive package of reforms.

For 1991 was a year when the Frankfurt tax authorities launched investigations into the private tax affairs of 400 traders at prominent brokers and banks, amid widespread allegations of longstanding tax evasion.

It was also the year when the Frankfurt Stock Exchange undertook an investigation into alleged insider dealing at the mighty Deutsche Bank, and when the Economics Ministry of the state of Hesse – in which Frankfurt is located – unleashed a probe into local brokers and a market practice known as "dividend stripping".

Senior German financiers never use the word scandal to describe any of these individual cases without prefacing it with the phrase "so-called". They are able to find good reasons why each case was not really scandalous. The tax problems of traders reflect the problems of private individuals, they argue. They note that all those scrutinised for alleged insider dealing were exonerated.

Yet, they tacitly admit that the collective impact of this unfortunate sequence of events is bad for the image of Germany and bad for the German financial services business. Behind the scenes, senior bankers, market officials and representatives of regional and central government have been meeting regularly to decide what they ought to do to counter the damage. The result is yesterday's announcement from Bonn.

The central proposals, floated individually before but bound together for the first time in yesterday's document from the Finance Ministry, are as follows:

- There should be a central authority for stock-market regulation, "as is usual in the most important financial markets and already exists in banking and insurance". There are few details about the scope of the new body's authority, but it will be responsible for policing insider trading and liaising with international stock-market authorities over issues such as regulation.
- A new insider law will be introduced. This is necessary, the minister says, because the present system is limited by the fact that it relies on the voluntary co-operation of market participants and lacks tough sanctions. There will be legal sanctions against insider offences with the possibility of confiscating any financial gains. Legal, investigatory and other powers will be vested in the new regulatory body.

It is intended that these measures will be implemented in law by the end of 1992, giving plenty of time for all parties involved to agree detailed plans for implementation.

As the minister says, it is hoped that these and other measures will make Germany's financial services industry fitter. What he does not say is that it is hoped it will make Germany scandal-free.

# Police raid resurrects scandal in France

By William Dawkins in Paris

A LONG-RUNNING scandal over corrupt fund-raising by political parties has resurfaced in France after a police raid on the Paris headquarters of the governing Socialist party.

The investigation, ordered by Mr Renaud Van Ruymbeke, an examining judge, has not yet led to any charges, but it is an embarrassment for the Socialists in the run-up to the regional elections in March.

Police have been investigating allegations of local authority corruption, involving thousands of elected politicians of all parties, for three years.

It has been claimed in court that building companies paid phoney consultancy firms owned by party supporters, in exchange for the use of political influence to win contracts.

Parliament voted an amnesty for wrongdoers two years ago, but this is supposed to cover officials and not MPs.

Socialist officials say they have nothing to hide, but have condemned the latest inquiry as "partisan", pointing to the coincidence that it took place only hours after a ceremony in the same building at which Mr Pierre Mauroy handed over of the job of party first secretary to Mr Laurent Fabius, a former prime minister.

The inquiry centred on the office of the party treasurer, Mr Henri Emmanuelli, ironically focusing party support on the formerly unpopular selection of Mr Emmanuelli to succeed Mr Fabius as leader of the national assembly.

Opposition parties have reacted with restraint to the inquiry, conscious of the fact that the spotlight could also fall on them. Mr François Bayrou, general secretary of the centre-right UDF, said: "There is no political commentary to make .... when a judge does his work in a dispassionate manner."

## Phone fraud broken

Italian police have broken a serious fraud in the use of cellular telephones costing SIP, the state telephone company, L20bn ($16.75m), writes Robert Graham in Rome. A total of 28 people have been arrested, mostly in La Spezia, Pisa and Naples, and 1,000 cellular telphones confiscated.

# Serbs mourn passing of Yugoslavia

By Laura Silber in Belgrade

"I AM not sure what passport I will carry or what country I live in," said Jovana, a student at Belgrade University, the day after the European Community recognised Croatia and Slovenia.

In spite of Serbia's propaganda that Yugoslavia still exists, many Serbs yesterday expressed a mixture of sadness, confusion and relief at the formal break-up of the Yugoslav federation.

Mr Petar Lukovic, a journalist at Vreme, a liberal news weekly, said: "Yugoslavia actually ceased to exist some time ago. It is not the same country if I cannot call my friends in Zagreb and Ljubljana. It takes 24 hours to reach Zagreb from Belgrade, because you have to go via Budapest. But no one should be surprised. It's not as if people were asleep and suddenly awoke to discover that Yugoslavia no longer exists."

Mr Dusan Simic, a Belgrade journalist, said: "We have lost the most beautiful parts of the country. What remains is the rump."

Mr Srdjan Saper, a film maker, commented: "The break-up is painful. It represents the victory of provincialism over something that was a fairy tale," referring to the multinational country of 24m people. He added: "But at the same time now there is the chance to create something new which has all possibilities."

Mr Budimir Loncar, the former federal foreign minister, said: "The most tragic events are in the past. Sooner or later there will be six independent republics and we can set up finding some sort of common existence."

The international recognition of Croatian and Slovene independence appears to offer the chance for the war to end, and the possibility that people will reject the policies of Mr Slobodan Milosevic, the president of Serbia, which forced the break-up of Yugoslavia. But public opposition in Serbia to the war is mostly confined to a minority in Belgrade, where it is still possible to summon a crowd for a nationalist rally.

"Milosevic many times rejected the chance for a confederation with Croatia and Slovenia, a community with loose economic and political ties, but now we have lost that chance," said Mr Lukovic.

He added: "People will only rise up against Milosevic when instead of the idea of a Greater Serbia or a smaller Yugoslavia, they ask not where they live but how."

Mr Milosevic has excelled in deflecting criticism and controlling Serbia's political agenda.

"Serbia broke up this country. Milosevic lost the war, and people are living worse than ever before," said a Belgrade lawyer, who asked not to be identified.

# Lisbon plays down recognition issue

By David Buchan in Strasbourg and Laura Silber in Belgrade

THE Portuguese presidency of the European Community said yesterday that recognition of remaining Yugoslav republics seeking independence was for individual EC states to decide.

Mr João de Deus Pinheiro, Portugal's foreign minister, said "recognition is a question of national sovereignty" for individual EC states. "There is nothing in the Treaty of Rome or the Maastricht treaty which obliges us to move together. We will try, but there are no guarantees [of success]," he said.

Portugal has thus signalled it does not intend to spend much of its EC presidency over the first half of this year in an attempt to maintain diplomatic unity on the Yugoslav crisis, as happened to the previous Dutch presidency. None the less, Mr Pinheiro predicted that there would be no immediate rush by the majority of EC states to recognise Macedonia against the wishes of Greece.

Though the EC-commissioned Badinter report has cleared Macedonia for recognition, Athens is unhappy that the name of the putative state implied a claim on the loyalties of Greek Macedonians.

"Where the interests of one member state are at stake, we must make an effort and try not to reach a solution unacceptable to it," said Mr Pinheiro.

In Belgrade, Serbian leaders yesterday said the newly-recognised Croatia would have to cede its territory controlled by Serbs after the EC decision to recognise Croatia and Slovenia, though President Franjo Tudjman of Croatia has vowed to regain all of the republic's lost territory.

Mr Borisav Jovic, a member of the rump federal state presidency, said: "Croatia can be recognised only within the borders where it actually has authority," reported Tanjug, the Belgrade-based news agency.

The Serb-dominated federal army and Serb militias control about a third of Croatia's territory.

"In the present situation, the arrival of peace-keeping forces on the territory of Krajina [southern Croatia] is of great importance." The very presence of UN forces limited Croatian sovereignty in those areas, regardless of recognition of Croatia, he said.

# Stoltenberg urges wider role for army

By Quentin Peel in Bonn

MR Gerhard Stoltenberg, the German defence minister, yesterday called for the German armed forces to be given the green light to take part in peace-keeping and peace-making exercises across the globe.

The debate over the future role of the Bundeswehr, and its involvement in operations outside the area of the Nato alliance, has blown up once again, at the same time as a parliamentary committee starts work on an overhaul of the German constitution.

The Gulf war, the need for international peacekeeping forces in Yugoslavia, and the possibility of other conflicts in the former Soviet Union, have focused public attention on the constitutional restrictions on Germany taking part in such exercises.

In spite of a degree of political consensus over participation in United Nations peace-keeping exercises, government and opposition are divided over the limits to be put on it.

Thus the opposition Social Democrats (SPD), whose support is needed for any constitutional amendment, are adamant that German troops should only be used for peace-keeping, not for peace-making or intervention.

Mr Stoltenberg presented to parliament the report of an independent commission into the future role of the Bundeswehr, recommending its use in "international actions to secure peace and maintain international law". He said the Bundeswehr should also be involved in the building of a defence arm to the future European political union, and that German armed forces "should be able to take part in the whole spectrum of international actions in the framework of the United Nations charter".

The defence minister said that the defence budget for the coming years had been reduced to DM9bn ($5.60bn) a year, a real cut of almost half in the level of spending of the mid-1980s. Any further cuts were unacceptable.

Mr Walter Kolbow, a defence spokesman for the SPD, said the demand of the government for such a sweeping "out of area" role for the Bundeswehr remained unacceptable to the opposition. He also insisted that further budget cuts were feasible, including abandonment of the European Fighter Aircraft (EFA).

# Iata official resigns over court case link

A TOP official of the International Air Transport Association (Iata) has resigned after being linked to a Washington court case, Reuter reports from Geneva.

Iata said Dr Edward Spry had submitted his resignation as managing director of the organisation – which with 204 members groups almost all the world's airlines – on Monday after only three months in the post.

"We have learnt of the involvement of this official of Iata in a court case in Washington DC and we are investigating," the spokesman, Mr John Brindley, said. "Dr Spry has resigned from his position." Dr Spry, a Briton who had worked for Iata for nearly 20 years, could not immediately be contacted for comment.

An economist, he took up the post in November following his appointment last May on the retirement – after eight years – of his predecessor, Mr Neil Gleeson.

As managing director, he was number two in the Geneva-based organisation and was responsible for its day-to-day internal administration, reporting to Mr Gunter Eser, director-general.

The Washington court case was a civil suit brought by Airline Economics, an aviation consulting firm, against its former president, Mr Harold Pareti, alleging misappropriation of funds and other acts.

A report in the Washington-based Travel Weekly on January 6 quoted papers filed in the US district court by Mr Pareti as denying the allegations and accusing the firm's principals of lying to him about its finances.

The weekly also said Mr Pareti accused them of paying what he called unlawful kickbacks.

# Brussels gives ground over waste plans

THE European Commission has dropped key provisions of a plan to reduce the amount of discarded packaging dumped on Community rubbish tips following intense pressure from industry and trade, Reuter reports from Brussels.

It latest draft proposals, as yet unofficial and subject to change, aim to bring into line differing national schemes for combating mountains of discarded packaging, from wooden crates to toothpaste tubes.

But industry officials expressed disappointment yesterday that the proposals were unlikely to force Germany to ease important parts of its controversial packaging recycling law. This has imposed tough obligations on industry and trade to take back and recycle used packaging.

There have been several formal complaints to Brussels alleging it breaches the EC's free trade rules.

The paper abandons the idea, which industry had hated, of freezing per-capita output of packaging waste at 1990 levels.

Governments and industry would have to ensure that within 10 years at least 90 per cent of all used packaging was "recovered" – reused, recycled into new products, burned to produce energy or turned into compost. At least 60 per cent would have to be reused or recycled within the same time.

Earlier plans for achieving a 60 per cent recovery rate and 40 per cent recycling within five years no longer figure in the text, giving member states greater flexibility.

Also gone are controversial proposals for an EC-wide charge on packaging to fund national waste management schemes. Member states are left instead to decide on such measures themselves.

## NEWS IN BRIEF

# Big rise in attacks on foreigners in Germany

THE number of attacks on foreigners in Germany increased tenfold in 1991 to 2,368, according to a confidential government report disclosed by a Berlin newspaper yesterday, Reuter reports from Berlin.

"The drastic increase has led to serious unease among asylum-seeking and (resident) foreigners in Germany," the report said. The problem has prompted a police crackdown on neo-Nazi gangs and greater effort to protect foreigners.

The report recorded hundreds of fire bombings of hostels for asylum-seekers as well as physical assaults on individuals. It said most of the culprits were neo-Nazi skinheads and right-wing high school students, apprentices or unemployed young people.

## Retail sales fall 0.5%

Retail sales in west Germany provisionally fell 0.5 per cent in real terms in November against November 1990, the Federal Statistics office said, Reuter reports from Wiesbaden.

Sales of new vehicles, car parts and tyres dropped 6 per cent while electronic and music equipment sales fell 4 per cent. Sales of pharmaceutical products rose 5 per cent and textile, clothing and shoe sales increased 3 per cent. Paper goods and office equipment sales rose 1 per cent. In the first 11 months of 1991, retail sales rose 6 per cent.

## Thyssen managers face charges

Three former top managers of Germany's largest steel company Thyssen have been charged with illegally exporting rocket engine pumps to Iraq, Reuter reports from Bochum.

The prosecutor's office said the three were suspected of exporting 35 turbo pumps and five jet casings, valued at DM1.9m ($1.2m) to Iraq in the spring of 1990, without obtaining proper export permits.

## Privatisation to go private

Turkey's privatisation agency is to be restructured as a private company, in an attempt to insulate the government from criticism before the sale of state assets, writes John Murray Brown in Ankara. The changes form a key part of an economic package to be unveiled this weekend following yesterday's presentation of the new budget to parliament.

More than 120 state companies are to be grouped under this new body, which will prepare them for sale. Companies affected include THY, the national airline, cement factories and the Tupras oil refining corporation.

## Poles 'oppose general strike'

Two-thirds of Poles oppose a general strike, according to a government-conducted opinion poll, writes Christopher Bobinski in Warsaw. The left-wing OPZZ trade union movement and the Solidarity trade union have staged token stoppages over energy price rises.

OPZZ, which has 4.7m members, claimed widespread support for its action yesterday as the government, led by Mr Jan Olszewski, repeated it would not give way. Solidarity's leadership meets on Tuesday to consider calling a general strike.

# Blockbuster plan at old German film site

**Leslie Colitt** describes efforts to get the cameras rolling again at Babelsberg studios

LITTLE but memories remain at the site of the former Universum-Film's Babelsberg studios at Potsdam to remind one of the heyday of German film in the 1920s.

Marlene Dietrich, Greta Garbo, Peter Lorre, Billy Wilder, Fritz Lang, Joseph von Sternberg and Robert Siodmak were only a few of the stars and directors who worked for Universum-Film at one of Europe's largest film production sites.

Today the dingy studio buildings resembling obsolescent east German factory halls are virtually empty. Tours of the film site are offered in an attempt to emulate those at Universal Studios in Hollywood. But visitors to Babelsberg, after paying DM11 ($6.90), find themselves being shepherded through the bleak studios by dejected former employees of Deutsche-Film (DEFA), the East German successor to Universum-Film.

They explain that their guide jobs are part of a public work-creation programme and speak wistfully of the glorious film-making past in Babelsberg.

But, if the Treuhand privatisation agency has its way, the Babelsberg site will be resurrected as an ultra-modern media and entertainment centre serving Berlin, the resurgent German capital across the Havel river.

The agency wants to see film and television production in Babelsberg along with other media. The Treuhand, which is investing DM5m this year to modernise DEFA's infrastructure, has agreed to let Brandenburg Radio begin operating on part of the site and wants the highly-regarded Film Academy, located in several nearby villas, to move there.

It has set a date of February 28, by which time bidders must present their concepts for using the site. Two large European groups with extensive media activities are among those who have already shown strong interest. Bertelsmann, the giant German media group with large US investments, and Compagnie Générale des Eaux (CGE), the French conglomerate which is an important film producer, are battling to become the main investors at Babelsberg.


Claims and counter-claims have been leaked to the German media and one exasperated Treuhand official said Paris was exerting considerable political pressure on Bonn to get the Treuhand to decide in favour of CGE.

"The competition is so intense that I would not be surprised if my telephone is being tapped," he remarked.

Mr Herbert Küppers, CGE's director in Germany, stressed last month that it wanted to take over the entire DEFA, including the 432,000 square metre site and buildings. It was prepared to invest up to DM150m in the near future and "billions" later on.

The company set a deadline of last December 31 for its bid but still remains in the running, according to the Treuhand. Neither the agency nor the state of Brandenburg, in which Babelsberg is located, wants a takeover of the entire site by one investor, which explains an apparent delay in reaching a decision. Mr Franz Wauschkuhn, a spokesman for the agency, said it planned to reach a decision by next May and would not be "put under pressure" by bidders.

Bertelsmann, which is based in Gütersloh, has kept its cards closer to its chest but has the decided advantage of already owning the Universum-Film Ufa title and the rights to its films.

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## WORLD TRADE NEWS

Commissioner warns on Uruguay Round

# Brittan attacks 'drift to managed US trade'

By David Gardner in Brussels

THE US is "drifting towards a preference for managed trade" which is undermining efforts to secure an open multilateral trading system through the General Agreement on Tariffs and Trade (Gatt), according to Sir Leon Brittan, EC competition commissioner.

His remarks come during an increasingly sharp transatlantic trade argument, which in the past week has centred on the farm subsidies row within the Uruguay Round negotiations, and the renewed controversy over German exchange rate support to the European Airbus consortium through Daimler Benz.

Sir Leon, speaking to the Centre for European Policy Research in Paris, highlighted "political deals" the US has struck to gain Japanese market share in semiconductors, public works, aeronautics, satellites and telecommunications and, following President George Bush's visit to Tokyo last week, cars.

He also drew attention to the US's growing arsenal of protective trade measures, ranging from export subsidies and the Buy American Act, to a broad definition of national security which seals off the US defence market and supports related sectors like civil aviation.

Sir Leon Brittan: "political deals"

He contrasted European car makers' efforts to attack the Japanese market, and the EC's phased liberalisation of Japanese car imports, to the US's "reaction... to demand a certain share of the Japanese market on political rather than commercial grounds".

Efforts to conclude the Uruguay Round, he said, would be "weakened by the evidence of a US drift towards managed trade". Sir Leon warned, moreover, that the European Commission would insist that any openings made in Japan to US business would have to be extended to the EC.

He acknowledged that Japanese business culture all but excluded imports, but insisted that the US counter-strategy would fail to narrow the productivity and competitiveness gap with Japan. He called for a "positive strategy", to uphold and develop Gatt; move closer politically to Japan; demand evidence of change from Japan; combine EC-US forces to achieve this; and to "be present in Japan. It is pointless to open up the Japanese market unless European companies are willing to invest time, money and effort in developing it."

# Italians rush to build ties with Moscow

**Robert Graham** on the search for business opportunities in the former Soviet Union

WHEN Russian President Boris Yeltsin visited Rome just before Christmas, the Italian government and the country's captains of industry rushed in almost unseemly haste to obtain his ear.

Recognising that Mr Yeltsin had finally emerged as the strong man of the former Soviet Union, they were anxious to lay claims to play a leading part in the new commonwealth dominated by Russia. The Italian treasury obligingly waived earlier objections over credit guarantees and unblocked credits worth $1.2bn (£670m) to purchase essential clothing, footwear and foodstuffs. Formal approval from the Italian export credit guarantee institute Sace was given yesterday to cover 90 per cent of the credits.

For his part, Mr Yeltsin made grandiose promises of collaboration, including an early agreement with Fiat on an automotive joint-venture. He also assumed the all-important responsibility for the unblocked Italian credits.

Such Italian self-interest is not surprising. Both the Italian public and private sectors spent much time and money cultivating links with the former Soviet Union. Only Germany among European Community countries devoted as much attention as Italy to building commercial ties with Moscow.

Italy and Germany shared a common interest in importing energy, but the Italians also regarded the Soviet Union as particularly apt for a whole range of intermediate technology goods as well as cheap consumer items.

By the time of the Soviet break-up, Italy accounted for a quarter of all EC trade. Between 1989-90 Italian imports rose from L2,471bn to L4,938bn (£2.3bn), almost half of which consisted of oil and gas; exports grew more slowly, from L2,403bn to L3,104bn, leaving a substantial deficit.

Although this is only 2 per cent of total Italian trade, Italy, anxious to narrow the deficit, went to great lengths to provide credit guarantees to stimulate business. The government agreed to guarantee credit lines worth L5,000bn between 1990 and 1995.

Italian business therefore now wants to ensure existing contracts are not overtaken by events and to take quick advantage of new opportunities backed by the government commitment to provide export credit guarantees.

Government officials and public- and private-sector businessmen all say the main problems are:

- confusion over the juridical nature of the ties within the new commonwealth.
- doubts over the extent to which Russia can act as leader, both in assuming responsibility for old and new debts, and in catalysing contracts which span more than one republic.

Franco Nobili: stress on energy-based deals

This is highlighted by the refusal of the treasury to unblock a L1,200bn credit line agreed in September 1990 with the former Soviet foreign trade bank, VEB, of which less than 10 per cent has been disbursed. Officials at Mediocredito, the medium-term credit institute responsible for disbursing the funds, say no organisation has been satisfactorily identified as capable of assuming the responsibilities which the VEB would have discharged, unlike the $1.2bn unblocked during the Yeltsin visit.

Despite these difficulties, contacts are going ahead on a number of deals. Fiat is keen to negotiate a joint venture with Vaz, the former Soviet state automotive producer, and believes a letter of intent could be initialled shortly. The terms of the proposal involve Fiat in taking a 30 per cent stake in a privatised Vaz, modernising and retooling the plant to produce a new car model. No price tag has yet been placed on the proposed investment.

Fiat had for some time sought to strengthen its ties with the Soviet Union, where the potential demand for cars is seen as quadruple the present level, but the Vaz deal was put on hold in early 1990 because of political uncertainties. The Turin-based group now clearly hopes it can reap advantage from obtaining a privileged position in an undemanding, expanding market.

Meanwhile, the need to balance trade and secure energy supplies is a key strategic consideration in a number of Italian state companies active in the former Soviet Union.

Mr Franco Nobili, head of the Italian state holding company IRI, laid special emphasis in his December talks with Mr Yeltsin on going ahead with energy-based deals. Principal among these is a joint venture between Ansaldo, its power engineering subsidiary, and Russia, Belarus (formerly Belorussia) and Ukraine, to convert exist power stations against the supply of electricity.

Before the Soviet Union broke up, Ansaldo formed the joint venture Energo-Engineering, envisaging the reconversion to gas of some 16 power stations in these republics. Payment was to be in the form of electricity supplies carried by a new power line through Hungary, Austria and Yugoslavia. Ansaldo would build new sub-stations in an overall arrangement worth L5,000bn.

Ansaldo says Russia is anxious for the deal, but there is considerable confusion over how the Ukraine part of the proposal can be incorporated.

Also with an eye on payment through energy supplies, the Italian state oil concern ENI has agreed to set up a co-ordinating committee with the Russian authorities.

ENI is expected to go ahead with negotiations to modernise the Russian gas-pipeline network, help upgrade seven Russian refineries and assist in the development of Siberian oil.

While big projects are likely to be given priority and benefit from counter-trade payments, many small business deals (other than the purely speculative) are expected to be delayed until the situation is clarified. As it is, the Soviet political turmoil saw Italian exports fall in the first nine months of last year by 22 per cent to L1,853bn.

# Semiconductor move by Miti

JAPAN'S Ministry of International Trade and Industry (Miti) is asking more companies to increase their purchases of foreign semiconductors, Reuter reports from Tokyo.

Miti said it would now ask 226 companies, up from 63, to buy at least 20 per cent of their semiconductors from foreign suppliers. The new group accounts for nearly 90 per cent of the Japanese semiconductor market, compared with 80 per cent previously.

Last July's semiconductor agreement between Japan and the US set a target figure of 20 per cent for foreign makers' share of the Japanese market. The actual share in the fourth quarter of 1991 was only 14-16 per cent.

The largest Japanese buyers of semiconductors already buy over 20 per cent from foreign companies, but smaller companies remain more dependent on domestic suppliers.

Japan reaffirmed its efforts to increase its purchases of foreign semiconductors in an "action plan" announced during US President George Bush's visit last week.

# Nissan freezes Lima output

NISSAN has suspended work at its car assembly plant in Peru, it said yesterday, AP-DJ reports from Tokyo.

Japan's second-largest vehicle maker had produced finished cars in Lima, when Peru's 50 per cent tariff on finished cars made marketing of imported cars there prohibitively expensive. But since Peru cut that tariff to 15 per cent last year, it has become cheaper to import finished cars than to assemble them locally from imported parts, the company noted.

Nissan said suspension of work at the plant, in effect since last October, did not necessarily mean the permanent shut-down of production in Peru, But a start-up of production at the plant was unlikely in the near future.

In 1982, at the peak of production, the company said its plant in Peru assembled roughly 9,500 vehicles, largely small passenger cars and trucks.

In May last year, Toyota Japan's largest car maker, also suspended its vehicle-assembling operation in Lima.

# Lilley visit to boost UK-Mexico trade

By Anthony McDermott

MR Peter Lilley, the UK trade and industry secretary, starts a visit to Mexico on Monday, at the head of a business delegation to take advantage of what he calls the "remarkable developments... over the last few years with the freeing of markets through trade and investment liberalisation, deregulation and privatisation".

One aim will be to increase UK trade with Mexico, which with exports in 1990 of £262m and imports of £172m lags considerably behind the US, other EC countries and Japan. In addition, Mr Lilley intends to discuss the implications of the North American Free Trade Agreement, linking the US, Canada and Mexico, which subject to approval by the US Senate should come into force this year.

Also on the agenda will be the Uruguay Round of trade liberalisation talks under the General Agreement on Tariffs and Trade.

On this subject, Mr Lilley said that Mexico and the UK "tended to see eye-to-eye" with a view to completing the round – whose negotiators are studying Gatt's final and comprehensive proposals – as soon as possible.

# Polish shipyard deal threat

By Christopher Bobinski, recently in Gdynia

HIGH insurance costs are threatening a big contract worth $90m (£50m) won by Poland's Gdynia shipyard to build two tankers for Burmeister and Wain from Denmark.

The contract for the two 90,000-tonne Aframax vessels, which marks a key step towards recovery for the debt-burdened yard, was signed in mid-November by the Danish shipping and ship-building company.

The Danes, however, are finding that the high costs of insuring the 75 per cent down payment on the vessels, which are due for delivery at the end of 1993, could mean they will take the order elsewhere.

Ironically, Mr Henryk Ogryczak, the Gdynia yard's managing director, notes that the problem comes as the yard is emerging from a time of considerable uncertainty.

The new Polish government has adopted a more interventionist approach to industry than its predecessors.

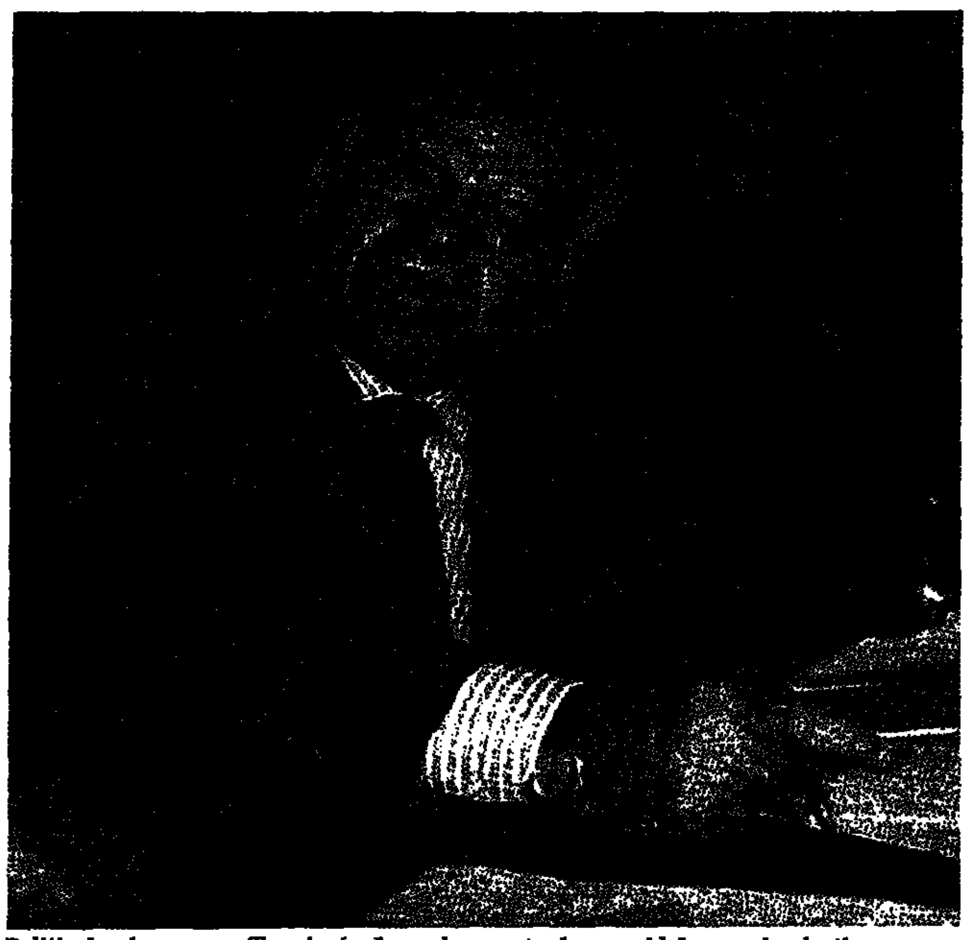
Indeed, Mr Andrzej Olechowski, the deputy trade minister, has said, referring to the Burmeister contract: "Our shipyards are an important part of Poland's export capacity and they must not be permitted to disappear."

The Gdynia yard continued to be modernised until the end of the 1970s, when shipyards elsewhere were being closed.

Mr Ogryczak, who left the yard in 1985 to start up his own business and returned last year as managing director, is negotiating a restructuring of Gdynia's Zl 2,000bn (£98m) debt with its creditors, who include the government, suppliers and banks. He has also set in train plans to rent out the yard's spare storage at maintenance capacity. The yard at the moment is, among others, building three 150,000 tonne bulk carriers for Dreyfuss from France and two 90,000 tonne tankers for Zenith of the UK. The value of Gdynia's present orders exceeds $200m(£112m).

# Wily Shamir's coalition on last legs

## Disappointment at partners' resignation may belie Likud gains, writes **Hugh Carnegy**



Political poker game: Shamir, in Jerusalem yesterday, could face early elections

AFTER a brief but eventful life of almost 20 months, the coalition government habitually labelled the most extreme in Israel's history looks to be on its last legs.

As is often the case with Mr Yitzhak Shamir, the wily prime minister, it was hard to tell yesterday whether he was happy or sad.

Officially, he was said to be disappointed that Tehiya and Moledet, two extreme right-wing partners in the coalition led by his Likud party, had decided to quit.

Their action was in protest against offering a limited form of self-government to the Palestinians of the occupied territories in the current Middle East peace process.

The coalition, of right-wing and religious parties, weathered the Gulf crisis and presided over a huge influx of Jewish immigrants from the former Soviet Union.

Above all, from the point of view of Likud ideology, it produced an unprecedented expansion of Jewish settlement in the occupied territories while simultaneously achieving Middle East peace talks largely on its own terms.

It might seem that Mr Shamir would want to continue such an arrangement until the due date for a general election in November.

However, there are clear reasons why he may be quite happy if it indeed collapses early next week.

Mr Shamir has the option of running a minority government that might survive until November. But his aides say he would prefer an early election, given that Likud is well ahead of the opposition Labour party in the polls.

The faltering economy could well be in worse shape in November and an early poll would pre-empt attempts by rivals within Likud to challenge Mr Shamir's supremacy.

Freed of the far right, Mr Shamir may find it easier to reach agreement with the US on $10bn in loan guarantees – due to be settled over the next few weeks – which are of great importance to the immigration-burdened economy.

Meanwhile, by continuing the peace talks, he could present himself to the electorate as a leader who sacrificed his government for the sake of the peace process, undermining opposition claims that the Likud is not serious about the negotiations.

There are, however, flaws in this scheme of things. Under Israeli parliamentary law, Mr Shamir cannot call an election without winning a majority to do so in the Knesset. For this he is seeking Labour party co-operation to engineer a date in the late spring or summer – but Labour will want to exact a price for its help.

Mr Shamir also faces a dilemma over the loan guarantees. The Likud cannot lightly give in to the main US condition that Israel curb settlements in the West Bank and Gaza Strip – something which Mr Shamir has resolutely refused, to date.

But with an election pending, the leverage President George Bush can exert on Mr Shamir through the loan guarantee issue is undoubtedly enhanced. A serious clash with the US, with which relations have already deteriorated during the life of the present government, would not go down well with most Israelis who fear both the political and economic consequences.

A significant shortfall in the amount requested would seriously jeopardise Israel's ability to borrow large amounts elsewhere and would almost certainly trigger unpopular compensatory measures at home, such as tax rises and expenditure cuts, at a time of fast-rising unemployment and economic hardship.

The precarious state of the economy is Labour's most promising election weapon against Likud. But Labour has failed to mount an effective opposition to Mr Shamir since its own grand coalition with Likud broke up two years ago.

Before a general election takes place it is due to mount its own leadership battle, pitting current leader Mr Shimon Peres against Mr Yitzhak Rabin, a former prime minister, and at least two other candidates. The contest will sharply expose to voters the deep internal splits within the party – hardly an election-winning formula.

Mr Shamir's less than anguished reaction to the crumbling of his government stems from his confidence that he holds most of the cards in the domestic political poker game that will ensue in the coming weeks.

However, the joker in the pack for him may prove to be the issue of the loan guarantees held firmly in the grasp of President Bush.

# Israel's chances slim on full loan guarantees

**By George Graham** in Washington

ISRAEL'S prospects are receding of obtaining the full $10bn (£5.5bn) of loan guarantees it has sought from the US to help finance the cost of absorbing Jewish immigrants from the former Soviet Union.

Although President George Bush is not expected to seek any further postponement on the loan guarantees, the administration is unlikely to back the full Israeli request for guarantees on $2bn of borrowing a year for five years unless Israel agrees to new conditions on its settlements in the occupied territories of the West Bank and Gaza.

President George Bush won a battle of wills with Israel last September when he asked Congress to delay considering the loan guarantees for 120 days. He said the issue would jeopardise the Middle East peace conference which was then due to open in Madrid.

The administration is now expected to come up with a proposal by early February.

Mr Bush is extremely sensitive about the Israeli settlements.

He is said to feel that Israel has reneged on promises not to use earlier US-guaranteed loans for construction in the territories.

Arab delegations to the US-sponsored Middle East peace talks, meanwhile, insist that the settlements are obstructing the peace process.

"There can be no progress in any area, in any sphere, unless all settlement activity ceases," said Mrs Hanan Ashrawi, the Palestinian delegation's spokeswoman.

Mr Bush is expected to insist either on more explicit pledges from Prime Minister Yitzhak Shamir, or on a formula such as that suggested by Senator Patrick Leahy, who chairs the Senate foreign aid appropriations sub-committee, which would deduct any money spent on settlements construction from the guarantees.

Few analysts in Washington, however, believe Mr Shamir can concede enough on settlements to satisfy Mr Bush.

But without the White House's explicit backing, congressmen who favour the loan guarantees believe it will be politically difficult to win enough support.

Politicians are finding foreign aid, of which Israel is the principal recipient, with $1.8bn of military assistance and $1.2bn of economic support this year, increasingly unpalatable when their constituents are suffering from recession and the federal government is strapped for cash.

And although Israel is only asking the US to guarantee its borrowings, not provide fresh grants, the request is not cost-free: new budget rules require the US to set aside a proportion of the guarantee to cover the estimated subsidy element behind the loans.

Credit analysts suggest Israel would probably not be able to find such large sums at all without the guarantees, except through very short-term borrowings – rather than 30-year loans.

But if Israel cannot give way on its right to continue building new settlements in the occupied territories, it may have to give up at least part of the $10bn guarantees it has requested.

# Australian jobless at post-war high

**By Kevin Brown** in Sydney

AUSTRALIA'S unemployment rate rose to a post-war record of 10.6 per cent in December, increasing pressure on the troubled Labor government to take urgent action to stimulate the economy.

The government statistical service said the number of unemployed increased to 910,300 from 900,700 in November, when 10.5 per cent of the workforce was unemployed, also a post-war record.

However, the gloomy message about the continued fragility of the economy was tempered by a rise of 39,200 in employment which provided some hope that the jobless total may be close to peaking.

The unusual increase in both the employment and unemployment totals was caused by an increase from 63 per cent to 63.3 per cent in the participation rate, which measures the proportion of the workforce which is working or actively seeking work.

Mr Kim Beazley, the employment minister, said the figures indicated that the employment level had stopped falling. Leading indicators released by the employment department also suggested that further large declines in employment were unlikely.

However, the government is still expecting unemployment to reach 10.75 per cent later this year. Some independent economists believe unemployment will peak at 11 per cent and remain above 10 per cent until next year.

Mr Paul Keating, the prime minister, said the unemployment rate was "far too high," and promised that an economic statement planned for late February or early March would "turn it around".

Mr Keating replaced Mr Bob Hawke as prime minister last month after pledging to "get the economy moving again" following flat or negative growth in seven of the last eight quarters.

Business leaders have told Mr Keating the economy is in even worse shape than the official figures suggest, and are pressing him to deliver a significant fiscal stimulus. Trade union leaders also want a relaxation of fiscal policy.

Economists expect a package of measures designed to stimulate private sector investment and finance government infrastructure projects, probably worth between A$1.5bn (£610m) and A$2bn.

● Mr Ari Ben-Menashe, an Israeli who claims to have been a middle-man in secret negotiations between the US and Iran, has been ordered to leave Australia by the end of the month.

## Boudiaf gets hero's welcome after 28 years abroad

# Algerian leader returns from exile

**By Francis Ghilès** in Algiers and Agencies

MR MOHAMED BOUDIAF, Algeria's new head of state, returned to Algiers yesterday, from 28 years' exile in Morocco, to a hero's welcome.

The 72-year-old veteran of Algeria's independence war, sentenced to death in 1964 by his own country for political activity, will head the five-man High Council of State, set up following the resignation of President Chadli Bendjedid on Saturday and the cancellation of a second round of elections.

The poll was widely expected to have catapulted the fundamentalist Islamic Salvation Front into power.

The first man to welcome him was Gen Khaled Nezzar, the defence minister and a key member of ruling council.

"As in the past, I promise the Algerian people that I will give all my efforts to guarantee their prosperity and to serve them," Mr Boudiaf said on arrival yesterday.

All three parties that won seats in the first round of the now aborted elections – the FIS, the National Liberation Front and the Front des Forces Socialistes – continue to describe the events of the past few days as unconstitutional.However, none of them appears, to be prepared to risk challenging those now ruling the country with more than words.

The parties have held meetings over the past two days, apparently aimed at co-ordinating their response towards the new council – which has made no promise as yet so far to hold elections of any kind.

The FIS has pledged to oppose the new leadership legally. In a communiqué issued after Mr Boudiaf's arrival, it called for calm and patience, telling its militants to avoid provocation.

The FIS has accused the authorities of starting to arrest its members. There has been no official confirmation of this.

# Korean police surround Hyundai car plants

SOUTH KOREAN riot police yesterday surrounded the troubled Hyundai car plants where defiant union workers, armed with steel pipes, settled down for a drawn-out occupation, Reuter reports from Seoul.

"We have hundreds of police outside the plants keeping watch. And over 1,000 more are coming from Pusan," said the police in the nearby south-eastern city of Ulsan.

Workers sporting red headbands built elaborate barricades at the 13 main gates, using two fire engines, cars, tyres and doors, and ordered company officials and non-union workers out of the main buildings.

Hyundai ordered the plants to close temporarily from today after unionists voted on Tuesday to upgrade a five-month dispute into full-time industrial action.

The company said Hyundai would withhold 70 per cent of workers' salaries during the closure.

The union said workers were demanding the release of several employees arrested in sporadic labour disputes five months ago. They want 11 unionists sacked this year – for what the company said was illegal labour activity – to be reinstated.

The union had threatened to begin a full-scale strike from next Monday if the management rejected its demands.

# Tokyo store sales in largest fall since 1965

**By Robert Thomson** in Tokyo

TOKYO department store sales fell 2.4 per cent in December from a year earlier, the largest fall since 1965, and a sign of easing consumer demand and of a more general slowing of Japanese economic growth.

Japanese retailers, who regard the Tokyo figures as an important indicator, said unusually warm weather had caused a decline in winter clothing sales, but that sharp falls in sales of art works and other luxury items were clearly linked to the collapse of the financial "bubble".

The fall was the steepest recorded by the Japan Department Stores' Association since it began releasing sales figures in 1965, apart from the distortions caused by the introduction of a value-added tax in 1989.

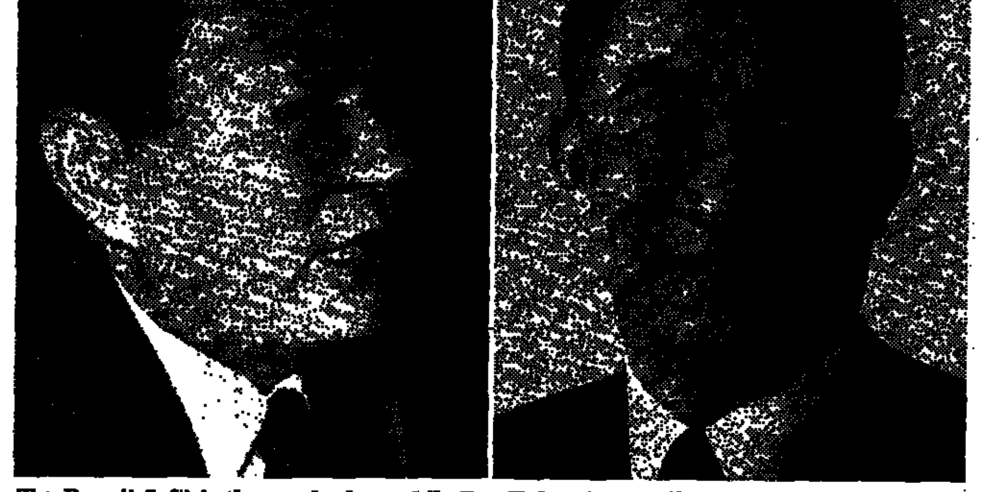
Sales of art works and crafts were down 15 per cent on a year earlier, sales of household items fell 3.5 per cent and clothing sales fell 1.8 per cent. For the full year, sales rose only 2.4 per cent on 1990, the third lowest increase since 1965.

Meanwhile, the Japan Iron and Steel Federation yesterday reported that the country's crude steel production last year totalled 109.6m tons, down 0.6 per cent from 1990.



# China's 'economic czars' rise to fame

## **A Beijing Correspondent** describes two leading candidates for the top leadership



Zhu Rongji (left) is the spark plug, while Zou Jiahua is a cautious state planner

WITH speculation continuing about China's future leadership after elder-statesman Deng Xiaoping and other ageing officials pass from the political scene, more and more attention is being focused on two men who have emerged as the country's "economic czars".

Vice-Premiers Zhu Rongji, widely viewed as a reformer, and Zou Jiahua, seen as a more cautious state planner, have played an increasingly important role during the past six months as Beijing wrestles with one of the most serious economic issues to threaten the ruling Communist party: how to deal with China's bloated, state-run enterprises.

"These two men are the country's real economic brain trust," says one western diplomat. "They are the heads of the most powerful pieces of the Chinese government."

Vice-Premier Zhu is director of the State Production Office, whose task is the day-to-day management of the debt-ridden state sector; Zou runs the State Planning Commission, which determines long-term strategies for medium and large state-run enterprises. Both are seen as possible contenders to become prime minister if the man now holding that office, Li Peng, is pushed or steps aside.

The differences between Zhu and Zou are significant.

"Zhu is the action man, the spark plug," the diplomat says. "He's the man who brings energy. He wants to get things done." Zhu has charisma. A western banker who has dealt with him says that he "exudes a sense of confidence and leadership. He is direct and emphasises practical issues."

Zou, however, "doesn't have the moral authority Zhu has," the diplomat says. "But he is an effective spokesperson for his brand of reform, which is mainstream."

Their handling of the troubled state sector illustrates both the contrasting styles of the two men and the contradictions the party they serve faces in resolving these problems.

After a decade of market-oriented reform, private and collectively-owned enterprises have sharply outperformed the state sector, which now accounts for about 55 per cent of the country's industrial output, compared with about 80 per cent in the early 1980s. Even according to the Chinese, nearly a third of the country's thousands of state-owned enterprises are in the red. Western estimates place the figure closer to 70 per cent.

There is no doubt Beijing recognises that there is a serious crisis. It has chosen Zhu as the most likely candidate to salvage the situation. He was given the extremely difficult task of raising the efficiency of the state enterprises and reducing both the country's huge 300bn yuan domestic inter-company debt and its enormous stockpiles of unwanted, shoddy goods.

Zhu's selection was believed to be an opportunity for him to demonstrate whether he has the qualities to become the country's next leader. Observers said his task was not only one of the most important but at the same time one of the most difficult.

In fact, Zhu appears to have had some modest success in reducing China's stockpile of cigarettes and textiles. There is also speculation that he is responsible, at least in part, for recent moves calling for greater autonomy of state-run enterprises.

Nonetheless, the problems are deep-seated and cannot easily be resolved without raising the even more profound issue of the eventual elimination of the state sector, a prospect which would threaten the very identity of the Communist party and the core of the socialist economy. Zhu faces some hostility from conservatives and hardliners who see his appointment as such a threat to their interests that they hope he will fail, say western analysts.

On the other hand, while Zou is not as vigorously involved in the daily management of the state sector's many difficulties, he must provide significant input for the country's Five Year Plan and take a longer-term view of the economy.

"Zhu is a trouble-shooter who breaks up bottlenecks, whereas Zou is a more conservative gradualist," western diplomats say, adding that both believe economic reform is the only way the Chinese system can improve.

Zhu supports the revitalisation of medium and large state enterprises, but without relinquishing party control. He firmly believes that the radical measures such as privatisation that were adopted in eastern Europe are not a viable option for China. "He has consistently argued for central, top-down planning."

Each man has powerful connections with China's party elders. Zhu's patron is Deng Xiaoping himself. Zou is linked to the older generation of China's revolutionary idols. His immediate benefactor is the economic planner Chen Yun.

Although both are from Shanghai, their backgrounds are as different as are their patrons.

Like Premier Li, Zou studied in the Soviet Union and has extensive ties to the country's military-industrial complex, including reportedly having worked for Norinco, one of the country's largest arms exporters.

Zhu began to acquire more prominent recognition when he became mayor of Shanghai in 1988 and is remembered for his cool-headed approach in Shanghai to the 1989 Tiananmen Square crackdown.

Chinese respect Zhu as a very efficient, tough-minded decision-maker who is unafraid to sternly criticise bureaucrats, even publicly.

But this last attribute has earned him enemies and he seems recently to have adopted a lower public profile. And while he plays down ideological concerns, he has carefully avoided disputing openly the party line that state enterprises must remain in public hands.

He apparently enjoys bold, dramatic moves and is responsible for the construction of two Shanghai bridges. They are spectacular engineering feats that cross the Huangpu, linking the city-centre with the Pudong investment zone in the eastern suburbs. "These were very expensive solutions to crossing a river," a western banker said. "A tunnel would have been much cheaper, but nobody would see it. These bridges are monuments to him and Shanghai."

Unlike Zhu, Zou lacks charisma, but has a reputation as an effective technocrat who understands complex economic issues. Despite his trip to Europe this autumn, he has less of a public persona than Zhu and fewer details are available about his life. "Like Li Peng, he doesn't look good in public, but he is a power broker," one western observer said.

If both were given the chance to become premier, analysts believe Zhu would bring change, while Zou would continue current policies. But their true colours may not surface until one of the elderly leaders dies or leaves the political scene.

# Health care gaffe shows up Buchanan

By Lionel Barber in Concord, New Hampshire

MR PATRICK Buchanan, the right-wing challenger to President George Bush for the Republican presidential nomination this year, made a big gaffe on health care policy yesterday, telling a group of pensioners he was so wealthy he did not have to bother about health insurance.

The television commentator and former speechwriter to presidents Nixon and Reagan, complained that the present US health-care-system was suffering from excessive bureaucracy, waste and form-filling. "When I go to the doctor – and I am a wealthy man – these [insurance] forms are so complex I can't fill them out. I just tell my wife: 'Send them a cheque'."

Mr Buchanan was addressing more than 150 members of the American Association of Retired Persons in an event billed as a chance for him to outline his policy for health care reform.

The response in the audience was hostile. Several pensioners said Mr Buchanan had confused private insurance company forms with federal government programmes such as Medicare.

Earlier, he had delivered a blistering attack on Mr Bush for having broken his pledge to impose no new taxes, which rescued the president's faltering for election campaign in 1988. Mr Bush faces his first campaign test in the New Hampshire primary contest against Mr Buchanan next month.

The president, who had visited New Hampshire on Wednesday, said he would unveil a wide-ranging health care plan in his State of the Union address this month. One proposal under review is to offer health care tax credits to low-income groups and the uninsured.

Mr Buchanan said he favoured tax credits and opposed a nationalised health system, such as that in Britain. "The doctor-patient relationship disappears," he said, referring to the UK. "You have bureaucrats dealing with bureaucrats." He also said US medical technology was far superior to Britain's.

His main theme is "America first". He repeated his attacks on foreign aid and on defence spending abroad, saying countries such as Germany should defend themselves. "Can't the Germans defend Munich? I mean, their tradition is not wholly pacifist."


Pat Buchanan (left), a self-confessed wealthy man on the stump, meets one of the older New Hampshire voters

# Bush finalises plans for cutting taxes

By George Graham in Washington

PRESIDENT George Bush is completing a package of tax cuts and economic growth proposals to prod the US economy out of recession.

The White House is withholding details of the proposals until he unveils them in his State of the Union speech on January 28 and in formal budget presentations the next day.

However, several proposals likely to be included have emerged – many of them measures that Mr Bush has already tried for in the past, such as a cut in the capital gains tax.

Mr Bush said this week he wants to avoid "quick fixes" and focus his proposals on measures to stimulate investment and savings, not the across-the-board income tax cuts Democratic congressional leaders have put forward.

However, the administration is reported by the Washington Post to be considering raising personal income tax allowances by as much as $1,000 (£560) per child – although other sources indicate a much smaller rise – to give a $15bn-$17bn tax cut for families. The advantage of this measure is that it would start trickling through immediately as companies withheld less tax from employees' salaries.

The administration is also reported to have decided on a tax credit for first-time home-buyers, expected to total $2,000-$5,000, changes in depreciation rules to encourage companies to invest more, and tax credits to help lower-income families pay for health insurance.

Other health measures are expected to include a limit on how much companies can deduct for health insurance plans provided to higher-income employees.

# Inflation at five-year low

By George Graham in Washington

MODERATE price increases in December left US inflation at 3.1 per cent in 1991, its lowest rate for five years.

The Labour Department said yesterday its index of consumer prices rose by 0.1 per cent in December, or 0.3 per cent after seasonal adjustment.

The low inflation rate in 1991 was much helped by a 7.4 per cent drop in energy prices (compared with an 18.1 per cent rise in 1990), but inflation in almost all sectors stayed moderate. Food prices rose only 2.5 per cent, their slowest advance since 1976.

The main exception was medical care, where prices rose by 7.9 per cent in 1991. There is a long-established pattern of this outstripping general consumer price inflation.

Other components of the index to rise sharply included alcoholic drinks, which climbed 9.9 per cent largely as a result of higher federal excise taxes; tobacco products, up 11.1 per cent; and school tuition and fees, up 9.8 per cent.

The seasonally adjusted 0.3 per cent December price increase was slightly higher than private-sector economists had been forecasting, but it remained relatively modest.

# Death sentences stand in Cuba

CUBA'S Supreme Court upheld late on Wednesday the death sentences on two Miami residents who tried to infiltrate the island, but commuted the death sentence on their associate to 30 years in jail, AP writes from Mexico City.

The decision came after a five-hour hearing in which the men expressed remorse and pleaded for their lives. They confirmed Cuban claims that they had been trained and armed in the US for sabotage in Cuba, with the knowledge of the Washington government.

The Council of State is to hear a further appeal.

# Lima 'targeted by terrorists'

PERU'S capital is now the prime target for terrorist attacks, according to a Senate Commission, Sally Bowen reports from Lima.

Last year, Lima was the object of 872 separate terrorist actions, most by the Maoist guerrilla group Shining Path. Actions in the high Andes, meanwhile, the area that used to be that most affected by terrorism, totalled 640.

Terrorist attacks nationwide (1,658 last year) fell almost 30 per cent from the 1989 high, but deaths by political violence stayed about the same – 1,569 against 1,610 in 1990.

# Baker faces a fear of failure far from home

**Lionel Barber** assesses the Washington conference next week on aid to the former Soviet republics

WHEN Mr James Baker, US secretary of state, called last month for an international conference on aid to what used to be the Soviet Union, some of his closest colleagues felt they had been ambushed.

He offered no date, no firm list of invitations, and only a sketchy preview of the conference's objectives.

Mr Nicholas Brady, US Treasury secretary, was reported as livid at the failure to consult. European allies scrambled to respond.

Now, with less than a week until the conference in Washington on January 22-23, the mood is more favourable.

Some 50-60 governments are expected to send delegations, supported by the International Monetary Fund, the World Bank and the European Bank for Reconstruction and Development (EBRD).

Mr Baker can claim to have rounded up an impressive posse.

US officials say the immediate purpose of the conference is practical: how best to ensure efficient distribution of food, medicine and other humanitarian supplies this winter and next, amid widespread reports of official corruption, waste and incompetence in the former Soviet republics.

Western donors have their own problems, too. The flood of well-meaning visitors to Moscow, Kiev, Minsk and other reformist centres has reached a point where Soviet reformers risk being smothered with kindness.

"We need an orderly division of labour," said one US official.

A second US goal is to avoid creating a new bureaucracy to co-ordinate aid. The Treasury and the State Department are wary of putative efforts by Europeans to create a new superstructure which could dilute US influence on the Continent, along the lines of the EBRD.

The picture has shifted since 1989, when President George Bush awarded the European Commission the task of co-ordinating aid to Poland and Hungary. Then, Mr Bush wanted to show he was a good European, unafraid of sharing political burdens with the EC.

On Soviet aid, the balancing act is more difficult: the US remains loath to cede too much of the initiative to the Europeans.

In his speech at Princeton University last month, Mr Baker staked out a bolder US policy toward the disintegrating Soviet Union.

He may have been responding to a general drift within the administration as the senior ranks waited for the resignation of Soviet President Mikhail Gorbachev, but other observers argue that he wanted to put the US in the driving seat before it was too late.

Yet Mr Baker's well-honed rhetoric, suggesting that the west had a duty to respond to the historic opportunities created by the new Russian revolution, stopped short of a commitment to direct US financial aid. Instead, the State Department prefers to talk about "collective engagement".

Some senior US officials compare this, in glowing terms, to the global coalition assembled by Mr Bush against Iraq a year ago. Hence Mr Baker's call for a "coalition in support of freedom", in support of democracy and free markets in what was the Soviet Union.

Allies are more sceptical, describing "collective engagement" as a fancy phrase to cover up the real goal of using other people's money to serve US foreign policy goals.

In 1991, the US persuaded allies such as Germany, Japan and Gulf Arab states to stump up more than $50bn to pay for the war against Iraq, and to finance aid to "front-line" states such as Egypt, Jordan and Turkey. By some calculations, the US even turned in a small profit.

In 1992, there is a real difference. "At least the Americans provided half-a-million troops to fight the war," said one western diplomat. "What are they offering now?"

The US response is that the meeting is not a "pledging" conference (if countries wish to offer money, though, they will not be turned down). More important, officials say, is the US bestowing that rare, elusive quality called political leadership.

As the self-styled power-broker extraordinaire, the US may well be best placed to persuade other countries to agree to a division of labour. One obvious option is to play on fears about German domination of Soviet aid policy, says one US official.

Taking a less cynical view, the US could offer, as Mr Baker suggested in his Princeton speech to launch the initiative, scientific expertise to help the ex-Soviets dismantle their nuclear weapons; the Nordic countries could focus on the Baltic states; western US states such as Oregon and Alaska, as well as Japan and South Korea, could develop the Soviet far east.

The big question next week is whether Mr Baker will put the conference agenda onto US lines or whether other countries – notably Germany – will broaden the debate to include a discussion on how the West should support economic reform in the space vacated by the Soviet Union.

This might include, for instance, a proposal for a Russian Economic Development Bank pressing micro-economic reform in concert with the macro-economic efforts of the IMF and World Bank. These and other ideas about fostering "grass-roots capitalism" have been floated in recent weeks in Washington.

So far, the administration is treading cautiously, aware that the mood in the US has turned markedly introspective and hostile to foreign aid of all shapes and sizes.

This is mainly due to the sluggishness of the US economy, but it also reflects a fear of failure in dealing with the gigantic task of overhauling the economy of its long-time adversary.

Reconciling this fear of failure with the desire for leadership on Soviet aid will be Mr Baker's trickiest task next week – a task worthy of the master of political stage-management.

**AID donors are being asked to channel some of their assistance to the former Soviet republics through the countries of eastern and central Europe, so helping them to maintain some of their lost Soviet export markets, George Graham reports from Washington.**

**Hungary, Poland and Czechoslovakia are hoping for a triangular trade in which donor nations would finance the purchase of food and pharmaceuticals from their countries, to be delivered as aid to the ex-Soviet lands.**

**Officials of the three countries met in Budapest this week to agree their approach, and are hoping to use the aid conference in Washington next week to secure commitments by donors such as the Gulf states and Japan.**

**In an operation that could be a precedent, the European Community last year funded a shipment of 300,000 tonnes of wheat from Hungary to Albania. However, eastern European diplomats are concentrating their efforts on donors lacking large agricultural surpluses, which they are keen to supply as aid.**

**Eastern European diplomats say they would like to divide these triangular deals roughly in line with the market shares they used to have for various types of product in the Soviet Union, but cannot be precise on aid sought.**

# MPs seek protection for British Airways

By Charles Leadbeater, Industrial Editor

BRITISH Airways should be protected from increasing competition in Europe from large US airlines until foreign carriers gain access to the domestic aviation market in North America, according to a parliamentary report published yesterday.

The report by a cross-party committee of MPs will be welcomed by British Airways which has become increasingly critical of the government's policy of allowing US airlines greater access to British airports.

The study by the House of Commons Transport Committee says further moves to open up the UK market should be postponed until British Airways' gets cabotage rights in the US. Cabotage allows an airline based in one country to operate domestic services in another country.

BA has also pressed the authorities in Washington to ease restrictions on foreign ownership of US carriers.

The committee of MPs wants the government to maintain restrictions on landing rights at London airports as a bargaining counter in future talks with the US authorities.

The report says: "These are early days in the new battle for transatlantic market share and we trust the government will see a role in developing opportunities for British carriers as well as providing better services for consumers."

An agreement last year allowed American Airlines and United to take over slots at Heathrow airport previously operated by Pan Am and TWA. Under the deal, the US carriers must keep their services to the level operated by UK airlines for three years.

The committee suggests that these restrictions should be lifted only if there is progress to create a "level playing field" with the opening up of the US market.

It says the Department of Transport significantly over-estimated the benefits of the deal when it was negotiated last March. Mr Malcolm Rifkind, the transport secretary, said then that the deal would bring British airlines financial benefits of £200m a year. But the department has since recalculated the impact of the deal after British Airways complained it was worth only £130m a year to UK carriers.

The report says the European Commission should introduce merger regulations to prevent its plans to liberalise the air transport market being undermined by growing industrial concentration.

It warns that the EC's liberalisation programme will face a fierce rearguard action from governments keen to protect their national airlines, which is likely to delay its implementation well beyond the 1996 target date.

# Opinion polls leave election wide open

By Philip Stephens, Political Editor

TWO new opinion polls last night left the outcome of the impending general election wide open as the opposition Labour party confirmed that it is ready to soften its planned increases in National Insurance Contributions (NICs).

With one survey giving the government a 4.5 per cent lead over Labour, some senior ministers – buoyed further by yesterday's round of mortgage rate cuts – were actively canvassing April 9 as the most likely election date.

But with the other pointing to a 3 point Labour lead, others insisted that the prime minister was still keeping open the possibility of May 7. They acknowledged, however, that the prime minister may face a growing bandwagon in favour of an election within weeks of a tax-cutting March budget.

The date of the budget is expected to be announced next week, with government officials insisting that March 3, March 10 and March 17 all remain options. The latter, however, would effectively rule out an early April election.

Facing a fresh Conservative onslaught on its tax and spending proposals, Mr John Smith, Labour's chief finance spokesman, said he would keep open the option of phasing in over a number of years the proposed abolition of the £20,280 ceiling on NICs, the levy charged on salaries to pay for social security benefits.

As Labour officials admitted the party had underestimated the potential impact on voters in the south east of taking another 9 per cent earnings over that ceiling, there were signs that Mr Neil Kinnock, the party leader, now regards phasing as inevitable.

Mr Smith fiercely denied the decision marked a retreat from the party's previous policy, citing long-standing Labour commitments to avoid large disruption of family budgets.

But amid angry clashes with Mr Kinnock in the House of Commons Mr John Major said that Labour's tax and spending policies had been reduced to a "shambles". He added: "The only thing that is certain is that a party that promises to spend and spend is a party that has to tax and tax," he said.

That was followed by new Conservative figures showing that in London the proposed NICs change would bring higher bills for those on just above average income.

Labour released no details of the way it could phase in the abolition of the NICs ceiling. But officials pointed out that the planned rises in the top rate of income tax and limits on allowances meant that immediate abolition was not necessary in order to finance the party's pledges to raise pensions and child benefit.

As campaigning for the election reached a new pitch, both parties drew consolation from the two apparently conflicting opinion polls which suggest that in fact they are running neck-and-neck.

A Gallup survey for this morning's Daily Telegraph gave the Conservatives a 4.5 point lead with 42 per cent of the vote against Labour's 37.5 per cent and the Liberal Democrats 16 per cent. That compared with a 2.5 point Conservative lead last month. The survey also appeared to confirm recent private opinion polling showing that despite the recession, the voters are putting more confidence in the Conservatives economic and tax policies.

An NOP survey for today's Independent, however, provided conflicting evidence, showing a three-point Labour lead.

# Patten attacks Labour's 'outdated' defence plans

BRITAIN'S Conservative party yesterday switched the focus of its re-election campaign on to the defence policies of the Labour opposition.

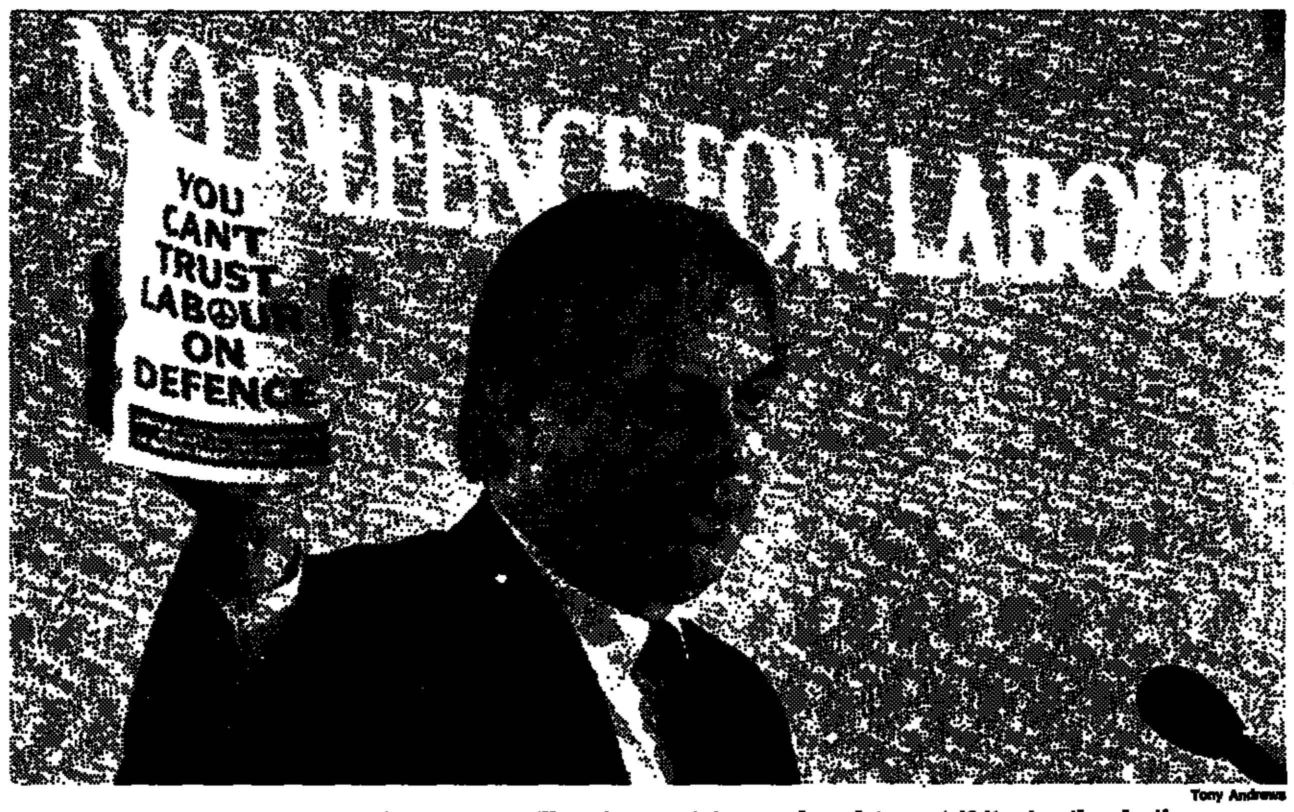
Mr Chris Patten, the Tory party chairman, said Labour had failed to update its defence plans following the collapse of the Soviet bloc and issued an ultimatum to Neil Kinnock to make plain his party's policies.

"Labour are scared stiff of discussing defence," he told a news conference in London.

Labour's most recent defence paper, Meet The Challenge, Make The Change, was published in May 1989, before the fall of the Berlin Wall, he said.

"That document belongs to ancient history. And it pledged Labour to negotiate away our entire nuclear deterrent in return for just a tiny fraction of the former Soviet nuclear arsenal." With the world's current instability Britain's nuclear defence was a vital issue, he added.

Rejecting the Tory claims, Mr Martin O'Neill, Labour's defence spokesman, accused the government of being more interested in "trying to foment an artificial debate about security matters" than addressing current domestic economic problems.




Tony Andrews

On the offensive: Chris Patten claims Labour will jettison Britain's nuclear deterrent if it wins the election

# UK jobless rate rises to 9%

By Emma Tucker, Economics Staff

BRITAIN'S unemployment rate rose to 9 per cent in December, the highest in four years.

Last month's 31,100 increase in the seasonally adjusted jobless figure – the twenty-first successive monthly increase – took the total number of unemployed to 2.55m, a peak last touched in December 1987. Overall unemployment rose by 704,000 last year.

Among industrialised countries, Britain, second only to Finland, experienced the highest rate of increase in unemployment in December compared with a year ago.

At the same time the rise in average earnings in the year to November stayed level at 7.5 per cent, unchanged from the October rate and disappointing hopes for a drop below 7 per cent.

The rate of increase of average earnings has been falling since a peak of 10.25 per cent in July 1990 but has not yet dropped below 7.5 per cent – the lowest annual rate recorded in the 1980s – despite the depth of the recession.

December's increase followed a revised rise of 40,800 in November, and brought the average rise over the past six months to 41,000. In the six months to June 1991, the average monthly rise was 76,300.

Labour seized upon the figures as further evidence that the economy was showing no signs of recovery.

Mr Michael Howard, the employment secretary, greeted the figures as evidence that the unemployment rate had eased over the year.

He also drew comfort from figures indicating a 14,000 rise in the number of unfilled vacancies in job centres in December compared with the previous month.

Figures for the third quarter of 1991 showed that the number of people employed in manufacturing industry had fallen by 88,000 compared with the previous quarter and by 96,000 in service industries.

The areas worst hit by unemployment included the south east and the south west. Regionally the highest rates of employment were in Northern Ireland, the north and the north west.

# Government may cut youth training funds

By Lisa Wood, Labour Staff

THE UK Department of Employment is planning "a substantial reduction" in the weekly contributions it makes for youth training, its main scheme for 16 to 18-year-olds.

The move will be strongly resisted by training and enterprise councils (Tecs). These are about to commence detailed negotiations for operating contracts for the current year.

A confidential memorandum circulating among Tecs, which administer youth training, has warned that a reduction in funds would cause bankruptcies among training providers. It could also mean that the government could fail to meet its guarantee of a training place to all young people who want one.

Last week, Fullemploy, which trains ethnic minorities, went into liquidation while Apex Trust, which trains ex-offenders, may go into liquidation this week.

The Department of Employment, under pressure from the Treasury, wants increased volumes of training in 1992-93 for roughly the same amount of money as in 1991-92.

Tecs have over the past year been financially hard pressed to deliver the government's guarantee of a place for all young people who want one.

## BRITAIN IN BRIEF

### UK mortgage lenders reduce interest rates

The three largest UK mortgage lenders unexpectedly lowered their rates to borrowers from 11.55 per cent to 10.99 per cent in an effort to revive the housing market. Rates have now come down seven times in the past 16 months and are around their lowest for almost four years. This is the first time that lenders have moved their interest rates ahead of a cut in base rates by the government. Lex, Page 14

### Ulster talks remain stalled

The prospect of "round table" talks on Northern Ireland taking place before the general election fell dramatically last night as the Northern Ireland Office said that, despite discussions with local leaders, "we are not moving forward". Mr Peter Brooke, Northern Ireland secretary, met the nationalist Social Democratic and Labour party yesterday to discuss how to overcome the biggest obstacle remaining – whether talks could continue if interrupted by a general election. But no progress was made.

### Fall in car production

UK car production fell by 4.5 per cent last year to 1,236,922 from 1,295,610 in 1990, the second successive annual decline. Car output in December alone fell heavily by 13.9 per cent, the fifth sharp monthly fall in succession. In spite of the deep recession in the domestic new car market, UK car output was sustained earlier in the year by a big jump in production for export markets. Output has fallen heavily in the last five months, however, as weakening demand from export markets has begun to compound the still falling level of production for the domestic market. On a seasonally adjusted basis car production in the six months to the end of December was 13 per cent lower than in the previous 6 months and 16 per cent lower than in the same six months a year ago.

### Ofgas cool on assurances

The Office of Gas Supply (Ofgas), the gas industry regulator, has reacted coolly to assurances that British Gas said it received from Mr John Wakeham, energy secretary, that could enable the company to raise domestic prices. Mr Wakeham's assurances had encouraged British Gas to agree on Wednesday to sweeping changes proposed by the Office of Fair Trading (OFT) in its industrial gas business. The OFT proposals include halving British Gas' share of the industrial market to 40 per cent and separating its pipeline business into a different company. But Sir James McKinnon, director general of Ofgas, said that Mr Wakeham had no influence over customer prices.

### Study into corporate tax

The UK has the tenth highest rate of average corporate taxes among all 24 OECD countries, according to a detailed analysis conducted by the Institute of Fiscal Studies. The study also shows that corporate taxes in the different countries tend to discourage cross-border investment and to favour debt finance over equity or retained earnings, which leaves companies vulnerable to the effects of inflation. Turkey has the highest required rate of return at 7.2 per cent, while the lowest is in Greece and Sweden, at 5 per cent. The UK is at 5.9 per cent.

### Challenge to legal fixed fees

The Law Society is to press the government to postpone plans to introduce fixed fees for criminal legal aid work in magistrates' courts until the matter has been examined by the Royal Commission on Criminal Justice. The Commission, set up last year after the release of the Birmingham Six, has written to the society inviting it to submit evidence on its concerns about criminal legal aid. The letter says: "It would be very concerned if the consequences of the proposed arrangements [for fixed fees] were to do damage to the criminal justice system."

### Pollution cases rise says FoE

Water pollution incidents in seven of the ten regions of England and Wales have increased according to a report from the National Rivers Authority, obtained by the environmental pressure group, Friends of the Earth. However, between 1988 to 1990 there had been a 3.5 per cent drop overall in pollution incidents from 26,926 to 25,983. The NRA said that FoE had obtained an early draft of the report and that the final version to be published later this month would show entirely different figures.

### Progress on engineers' group

The creation of a single body to represent the UK's fragmented engineering profession has come a step closer following the Engineering Council's decision to endorse a framework for a new group to set minimum standards for the industry. The council, the umbrella body for 46 professional engineering institutions, has agreed to set up a steering group to look at the possible role and responsibilities of a new body. The move is the next stage in a personal initiative launched in November by Sir John Fairclough, chairman of the Engineering Council.

### Investors buy £1bn securities

British institutional investors became net buyers of UK government securities in the third quarter of last year after several years as net sellers, according to official figures. The Bank of England reported that long term investors such as pension funds, insurance companies and investment, unit and property unit trusts, bought a net £1bn of UK government securities in the quarter after being net sellers of nearly £8bn of such securities in the first half of 1991. The institutions sold a net £2.96bn of UK government securities in 1990 and £6.49bn in 1989.

### Funding for inner cities

Some of the country's most deprived inner city areas are to be helped by a £260m urban programme package unveiled by the government. Initial allocations for 1992-93 to 57 urban programme authorities amount to £248m, and an initiative announced last November made an additional £11m available to three police authorities for the urban crime fund.

### Forged Dutch guilders seized

Police seized forged Dutch guilders worth £20m in a raid on a house in north-west London, the biggest seizure of counterfeit currency ever recorded. Last night a man was charged.

LLOYD'S REFORMS

# US Names react coolly to proposed measures

By Nikki Tait in New York

REACTION amongst US-based Names to the Lloyd's of London reform package has been tentative, with many individuals having to base their limited comments on newspaper reports. But if a prevailing sentiment could be gleaned, it was that the proposed measures had come at least a decade too late.

"They're trying to rectify the mistakes of the past," said Mr Dale Jenkins, one of the US Names involved in legal action against Lloyds. Even with the proposed changes, he said, Lloyd's would have limitations as an investment vehicle: "There needs to be a complete housekeeping of the management there."

Another New York-based Name said : "Compulsory stop-loss should have been taken care of earlier".

"They've got to do a lot more," claimed Mr Alvin Moss, another US Name who received a copy of the report yesterday. "They need to spend more time cleaning up their act as far as internal management is concerned."

Not all US reaction was entirely negative. Some Names did welcome the suggestion that they should have access to syndicate information, a say in major transactions and certain other rights.

There are more than 2,000 Lloyd's Names in the US, a fairly small proportion of the total 26,500. Historically, however, they have commited relatively large amounts of capital to the market.

# Consultation may slow pace of reform

By Richard Lapper

OFFICIALS at the Corporation of Lloyd's admitted yesterday that far-reaching reforms planned for the London insurance market could be delayed by the need for detailed consultation over the changes.

According to an insider at the Corporation, which provides regulatory and market support services to the Lloyd's market, the time taken by consultation between the Corporation's various committees and departments and market associations will inevitably hold up the pace of change.

"This one will run and run. It's a market," he stressed, "we haven't got a chief executive who can simply order five heads of department to get on with it."

Recommendations for reform were published this week following a 12 month investigation by a special task force into business practices at Lloyd's.

The task force recommended an ambitious programme of both short term measures – which can be introduced relatively easily – and long term changes which will require modifications of the Lloyd's Act, the legislation which outlines the way Lloyd's is regulated.

The 28-man Lloyd's Council – which will meet again in early February – identified six priority areas for action when it met last weekend:

- the implementation of a high level compulsory stop-loss scheme to limit the losses of Names, the individuals whose assets support underwriting at Lloyd's;
- the drafting of a charter outlining the rights of Lloyd's Names, allowing these individuals who underwrite the market to veto major transactions and hold annual meetings of the syndicates into which they are grouped;
- the formation of MAPAS, the vehicle which will allow Lloyd's Names to spread their investments in syndicates more widely in order to reduce the risk of heavy losses;
- the drafting of new guidelines outlining best practice for Lloyd's agents including provisions stipulating more disclosure of fees, expenses;
- finding ways in which Centre Write, the reinsurance company owned by the Lloyd's Corporation, could reinsure the "open years" of individual Lloyd's Names rather than syndicates as at present. Syndicates leave years open when they are unable to settle accounts because of uncertainty over future claims;
- introducing of limited liability capital into Lloyd's, initially via more flexible co-insurance and reinsurance arrangements.

Lloyd's has made two reforms a priority: the introduction of the stop loss scheme and MAPAS, both of which it hopes to have in place by the beginning of next year.

Mr Bob Hughes, head of regulatory services at the Corporation, and Mr John Gaynor, the head of finance, are also examining the composition of the stop loss working party and hope to have this running within the next few weeks.

The aim is to have both schemes in place by early April so that it can meet obligations to give existing Names at least eight months notice of changes.

**MANAGEMENT**

Health at work

# Ashes to ashes as smoking bites dust

**Diane Summers** investigates the trend among employers to free their premises of the dreaded weed

Two weeks into the new year and many aspiring non-smokers are still fighting to kick the weed. Others have given up the struggle – at least until next January.

Quitting smoking at a corporate level requires even more planning and consistency. Companies wanting to introduce a no-smoking policy among their workforces are most likely to succeed if they consult with their employees, rather than just confiscating all the ashtrays one Monday morning. Two events in particular this week have renewed interest among UK employers in the subject of workplace smoking policies.

First, the Health and Safety Executive published a consultation document on Tuesday making clear that employers will have to provide special rest rooms for non-smokers from the end of next year in order to comply with a European directive. The new rules could prompt many employers to ban smoking altogether.

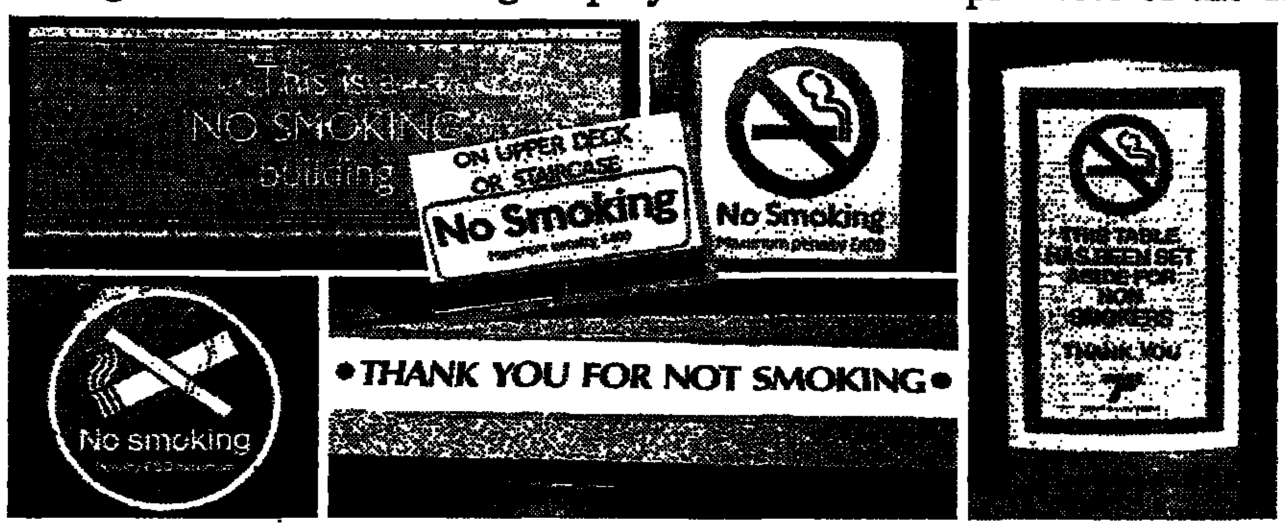
Second, at an industrial tribunal in Glasgow, a nursing auxiliary claimed constructive dismissal over her employer's smoking ban.

Mary Dryden told the tribunal that she could not endure eight hours at work without a cigarette and therefore had to leave her job. When Greater Glasgow Health Board banned smoking on its premises last summer, it did not provide rooms for smokers, or leave enough time for Dryden to go out for a cigarette during her breaks, the tribunal heard.

The move to no-smoking workplaces has been marked in recent years, with up to one-in-five companies now operating anti-smoking policies. Midland Bank is the latest large employer to announce a ban for its 45,000 staff in nearly 2,000 branches from the spring. Other employers, either with total bans or severe smoking restrictions, include IBM, Marks and Spencer and the Inland Revenue.

This trend is being driven by changes in attitudes to smoking in public places, but also by employers' fears of future liabilities for damage to workers' health through passive smoking.

There has yet to be a claim for damages in a British court arising out of passive smoking, but Ash, the anti-smoking group, said yesterday that it would be seeking counsel's opinion in the next few weeks with the aim of bringing a case under common law, or through the Health and Safety at Work Act. According to David Pollock, Ash director, passive smoking court cases in Australia have led to widespread workplace smoking bans.



Put out that light: smoking bans, commonplace for years on trains and buses, are now moving into the workplace

Whatever motivates an employer to act – and the pressure is as likely to come from employees as from management – there is a number of pitfalls on the way to implementing a no-smoking policy.

According to a survey by Incomes Data Services, the employment research group, most organisations go through the following stages on the way to banning or restricting smoking:

● Consultation with the workforce – an essential first step in preventing mutiny, or worse, by nicotine addicts. Surveys, ballots, questionnaires, meetings and negotiations with trade unions or staff associations are all methods of gauging opinion and are likely, says IDS, to show a surprisingly high level of enthusiasm, even from smokers themselves.

British Gas in Wales provides a typical example of what a company might expect from a poll of employees: 34 per cent thought smoking should be banned at work altogether, while 53 per cent were in favour of restrictions.

● Degrees of restriction need to be decided. A total ban on smoking throughout a building is unambiguous but is tough on smokers. Only an ex-addict can appreciate the resentment that a total ban is likely to engender among smokers.

Ash itself argues for the more humane "sin bin" solutions, where smoking is allowed only in designated – ideally separately-ventilated – areas. The Financial Times is an example of an employer that has taken this route: its sin bins on each editorial floor are the setting for some unlikely alliances.

● Phasing-in of policies. The gradual introduction of smoking restrictions, or at least a period of warning (Ash recommends a 12-week implementation period) will help to avoid resentment and legal problems, says IDS.

At Cambridge University Press, for example, a smoking ban was brought in over four months, with smoking prohibited first before 10.30am, then before noon, 2pm, 4.30pm and, finally, throughout the day.

● Helping employees to give up the weed. There are considerable cost benefits to employers in having workforces that do not smoke – either at home or at work.

Most companies with no-smoking policies also offer employees help with giving up permanently. For example, the Automobile Association distributes Health Education Authority literature, and South Derbyshire Health Authority gives staff time off for special "stopping smoking" classes. IBM even offers acupuncture and hypnotherapy as well as counselling and classes.

All this is old hat in the US, where no smoking offices are the norm. In most Californian offices, you would no more think of lighting a cigarette than spitting on the floor. In most of Europe, by contrast, smokers take their rights so seriously that they may not take kindly to efforts by their employers to help them quit.

# Pursuing policies in a very big way

**Lucy Kellaway** takes the lift to meet Mick Newmarch, the top man at the Pru


**MY OFFICE**

What matters most to the man who controls Britain's biggest pile of money? To Mick Newmarch, chief executive of the Prudential, a big leather swivel chair is the best aid to managing the insurance company's £50bn. "Most of my job is thinking, so a comfortable chair is essential," he says.

Indeed, everything about his office, up on the tenth floor above the hi-fi shops of the Tottenham Court Road, is comfortable; it is also big. The panoramic view, stretching over to the City is certainly big. So are the two leather sofas and leather arm chairs. But then, so too is Newmarch.

The building is a temporary home while the Pru spends four years and well over £100m making its old headquarters in High Holborn "look quite respectable" – as Newmarch puts it. In the meantime, he has tarted up his new office by covering the dark wood panelling in fake moiré silk to make it feel lighter.

Otherwise there is only a handful of personal touches: he has chosen a sentimental picture of two small girls by Hornel, the Scottish painter, out of the Pru's large art collection to hang opposite his desk. "I am an absolute dilettante about art, but I like that one."

On a shelf he has a bronze owl and a sculpture of rice maiden, given to his wife "in the days when the Japanese still thought giving presents to westerners was the best way to do business". His wife considered it so hideous, she would not have it in the house.

Newmarch – known as "The Bruiser" in Private Eye – has the reputation of being somewhat overbearing. He is well known for striking a tough bargain – last year he managed to secure a pay rise of 43 per cent despite the Pru's falling profits; earlier he persuaded the company to put more than £500,000 towards a smart flat in Regents Park.

But his office, which has a strong functional feel, does not reinforce the impression. His desk displays signs of hard work, with an outsize brief case and piles of papers. Next to them are three big screens and a large calculator.

"I've got Reuters and Topic – it's a bit of an indulgence, me not wanting to give up my roots as an investment manager," says Newmarch, who still does not feel quite right unless he knows what is happening in the market. He also has a computer linked to the company's mainframe of which he makes little use. "I'm a two finger computer man," he says.

Neither is he dependent on what he calls any "printed aid". Fifteen minutes is enough to scan the newspaper cuttings that his staff start pasting at 7 o'clock each morning. There are none of the trendy management text books on his shelves – indeed, there are no books at all. Newmarch, who joined the company straight from school in 1955, believes in learning-by-doing.

Since he became chief executive two years ago he has been trying to "develop a total strategy for the Pru", and two or three times a week he keeps a slot in his diary to "liaise" and "interface" with his team of eight strategy experts.

He spends most of his time talking on one of the three telephones on his desk, and walking around the Pru's many offices meeting his staff. He says his colleagues are invited to pop in and see him whenever they like. However Newmarch is not known for being a democrat; his office is at the end of a corridor, protected by a secretary and a PA.

But a democrat is not what the Pru needs at the moment, as it shuts down its estate agencies, divides and rules among its sales force, and cuts layers out of its insurance business. A tough touch is perhaps what is called for.


Mick Newmarch: "Most of my job is thinking, so a comfortable chair is essential"

# Small inroads made into debt

**By Vanessa Houlder**

The property debt mountain is starting to erode. For the second quarter running, total lending to commercial property has fallen by some £500m, according to the Bank of England. At the end of November, outstanding loans totalled £39.67bn, down from £40.21bn three months earlier.

It may be a step in the right direction, but the halting progress underlines the magnitude of the problem. At this rate, the new funds from property sales and capital injections will not, by themselves, let the banks off the hook.

So what is to be done? The problem has taxed the financial profession, which has tried to find ways to go beyond the traditional sources of funds.

One avenue being explored is the US commercial paper market, the largest market for short-term non-government debt in the world.

The UK property industry made its first inroad into this market just before Christmas, when Rosehaugh Stanhope Developments raised £100m to refinance 135 Bishopsgate, occupied by County NatWest, in the Broadgate office development in the City of London.

The advantage was two-fold. It should save the company as much as 50 basis points or £500,000 a year. And it strengthened its negotiating position with the banks. "The syndicated loan market is very nervous. We wanted to show we had other ways of financing Broadgate," said Mr Paul Rivlin, a director of Rosehaugh.

The snag with the deal stemmed from the complexities of breaking new ground. Sorting out the legal, tax and financial implications took six months.

The deal has a symbolic importance in that it repays the banks which took part in the largest development finance deal of its time. "It gives the banks an element of comfort that their loans can be taken out. There has been concern that there will be a never-ending process of rolling over loans," says Mr Richard Mully of County NatWest which arranged the refinancing with Sanwa International Structured Finance, part of the Japanese bank.

It is not yet clear how far it will be copied. Sceptics may point to another innovative securitisation, which was heralded in 1990 as an important new source of funds but has spawned no imitators. This involved £90m of credit-enhanced floating rate notes that were arranged for BHH, an industrial property company, by the same team of financiers that engineered the RSD deal (who were then at Paribas and are now at Sanwa).

BHH found that the up-front expenses of the issue were higher than expected, although it expects to save money over five years as it takes advantage of falling interest rates. Moreover, its funding has the great virtue that it does not have to do annual valuations and thus risk breaching its covenants. "It has enabled us to hold our entire portfolio together. The banks would have been more nervous," says Mr Robin Bagnall, BHH's finance director.

It is unsurprising that no companies have followed BHH's example, according to Mr Gary Wilder of Sanwa. Margins in the asset-backed floating rate note market have virtually doubled since the deal.

The US commercial paper market is currently a much cheaper option; several companies are considering following RSD down this route.

But the main limitation of securitisation, in whatever market, is that it is only relevant for well-let property (which is often able to take its pick of the bank loan and debenture markets anyway). Moreover, the costs of arranging an issue are too high to be worthwhile for portfolios much under £100m. At most, the US commercial paper market could apply to £2bn to £4bn of UK property.

So where most of the debt-encumbered industry is concerned, there is no hope that the US commercial paper market will come to its rescue.

Given the finicky appetite of property investors, it is not clear who or what will replace the property loans made to second-rate property with poor tenants. "That is the big conundrum," says Mr Rupert Clarke of Jones Lang Wootton. "If there is a single wart on a property it will not be refinanced," says Mr Mike Riley of Chesterton.

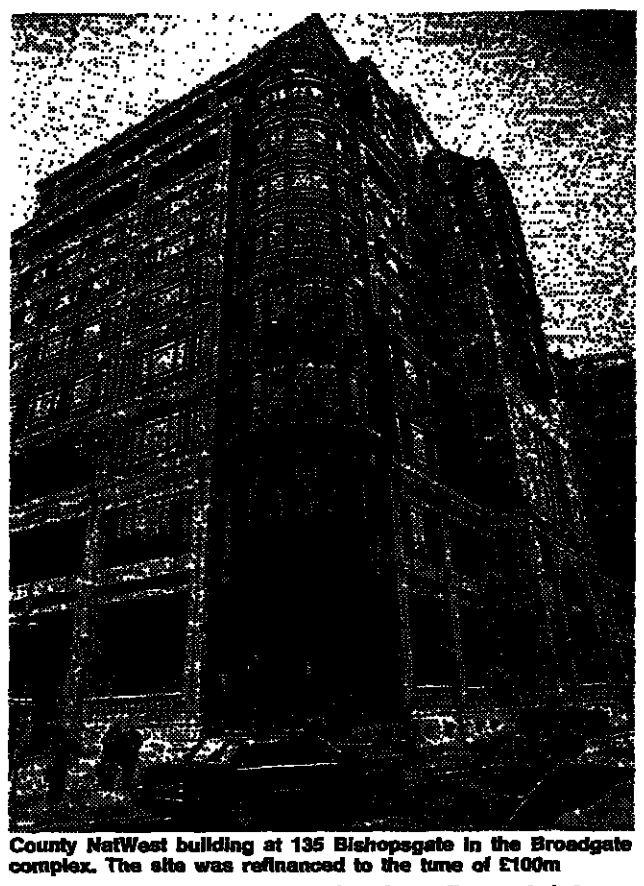
In the worst cases, the banks will have to bite the bullet and make write downs, which might add up to billions of pounds of loans. Others will have to convert debt to equity, even though this damages their capacity to make further loans.

Many lenders will simply be forced to roll over their loans. "The banks are going to be long-term providers of mortgage finance to the property industry," says Mr Mully. Much of the debt mountain is here to stay.

**CAPITAL GROWTH (%)**

| | Retail | Office | Industrial | All Properties |
|---|---|---|---|---|
| Year to Nov '91 | -5.0 | -15.1 | -3.3 | -8.8 |
| Quarter to Nov '91 | 0.2 | -3.1 | 0.6 | -1.0 |
| Month of Nov '91 | 0.4 | -0.9 | 0.1 | -0.1 |

Source: Investment Property Databank



County NatWest building at 135 Bishopsgate in the Broadgate complex. The site was refinanced to the tune of £100m

# Bottom fishing for the brave

In the US, property values are predicted to bottom out in 1992. That is about the only good news from the Real Estate Research Corporation's recent report Emerging Trends in Real Estate 1992*.

The report, a 40-page booklet published by Equitable Real Estate Investment Management, is based on interviews with a large panel of property professionals. It warns that "conditions will get worse before they get better".

Property financed a few years ago, and still in the pipeline, is expected to add to the glut this year, particularly in cities such Los Angeles and Chicago.

Signs of recovery are not expected until 1993 or 1994. Meanwhile, property's continued poor performance will hurt investors, including commercial banks, pension funds, insurance companies, foreigners and wealthy individuals. Returns, dismal last year, "will remain disappointing," the RERC report says.

Values are predicted to drop 10 per cent in 1992. Only apartment-type investments are expected to rise in value in the next two years by an appreciable amount – 6.3 per cent on the forecast.

A modest increase in transactions is, however, expected this year, if only because the principal issue for many investors now is how to exit. Since 1990, transaction volume has been gridlocked, in part because the bid/ask gap was too wide. But pressures on investors have grown and some insurance companies, pension funds, commercial banks and desperate developers may have more reasonably priced offerings.

For those with courage, patience and deep pockets, the RERC suggests it may be a good time to pick up bargains. It believes many of these deals, especially those by wealthy individuals, are more likely to be done quietly than through the open bidding that characterised the 1980s.

The Japanese and Europeans are not expected to want to increase their exposure, though the British and the Dutch, who both have long experience in the market, may go bottom fishing for bargains.

Farmland is a bright spot. The report says prudent, gradual investment by institutional capital is likely during the next few years.

*Available from Equitable Real Estate Management, 787 Seventh Avenue, New York New York, 10019.*

Barbara Durr

## FT LAW REPORTS

# DTI questions must be answered

**IN RE LONDON UNITED INVESTMENTS PLC**
Court of Appeal (Lord Justice Dillon, Lord Justice Mustill and Lord Justice Stuart-Smith): December 19 1991

**THE Department of Trade and Industry has power to appoint inspectors to investigate company matters which are the subject of allegations of fraud, irrespective of whether they may also be subject to enquiry by the Serious Fraud Office or the police; and an officer of a company questioned by the inspectors for the purpose of the investigation cannot refuse to answer on the ground only that to do so might incriminate him.**

The Court of Appeal so held when dismissing an appeal by Mr Peter Stringer Wilson, former chief executive of London United Investments plc (LUI), from Mr Justice Scott's decision on an application by Department of Trade and Industry inspectors, that his refusal to answer questions put to him by the inspectors was unjustified.

LORD JUSTICE DILLON said that from January 1 1976 to October 4 1990 Mr Wilson was a director of LUI.

LUI carried on business primarily as a holding company in the insurance field, with two relevant wholly-owned subsidiaries, Walbrook Insurance and HS Weavers (Underwriting) Agencies (HSW).

Mr Wilson was a director of Walbrook from December 3 1974 until August 2 1990. He was managing director of HSW from January 1 1976 until September 1989, when he became chief executive of LUI.

LUI ran into difficulties in 1989. On March 26 1990, following directions from the DTI, LUI and its subsidiaries stopped writing new insurance business. On May 22 an administration order was made in respect of LUI.

In October/November 1990 the secretary of state, in exercise of his powers under section 432(2) of the Companies Act 1985, appointed inspectors to investigate the affairs of LUI.

The inspectors were particularly asked to look at the circumstances surrounding payments of commission on reinsurance contracts relating to HSW. That raised questions with regard to arrangements made between HSW and a German reinsurance company, Munich Re.

In an affidavit sworn on May 10 1991, the inspectors said it was apparent from their investigations that between 1976 and 1989 HSW had entered into reinsurance quota share treaties with Munich Re; and that during that period deductions of 5 to 6.5 per cent, totalling $46m, were made from reinsurance premiums and paid to various companies based in Germany or Liechtenstein, referred to as the "Smith companies".

The inspectors said they regarded it as essential to their investigation to determine why those deductions were made, what was the true nature of the role performed by the Smith companies, and for whom they were acting.

They pointed out in their affidavit that Mr Wilson was the person who carried out the negotiations with Munich Re and operated the Munich Re facility throughout the whole period. They said he had told them he intended the deductions should go to the Smith companies.

It seemed that the Smith companies took their name from Mr Graham Smith, an English chartered accountant resident in Liechtenstein, and his wife Isolde, a Liechtenstein citizen.

On October 30 1990 HSW started an action for fraud, against Mr Wilson and others including Mr and Mrs Smith and the Smith companies, in respect of diversion to the Smith companies of commissions payable by Munich Re.

It was not surprising that the inspectors wanted to question Mr Wilson about the Munich Re commission and the Smith companies.

Mr Wilson had refused to answer.

Mr Brodie for Mr Wilson submitted that, as a matter of law, it was improper for the secretary of state to appoint inspectors to investigate matters which were the subject of allegations of fraud, because it was more appropriate that suspected crimes should be investigated by the Serious Fraud Office or the police.

That was an impossible contention in the face of the wording of Part XIV of the 1985 Act.

Section 432(2) provided that the secretary of state might make an appointment if circumstances suggested a company's affairs were being conducted "with intent to defraud".

Where matters which came to light in the course of investigation had been referred to a prosecuting authority, the secretary of state was not bound to direct the inspectors to take no further steps. He just had power to do so (section 437).

Moreover, he had power under the combined effect of sections 449 and 451A to disclose information obtained by inspectors under section 434, to the Director of Public Prosecutions.

Against that background it was impossible to conclude that there was any basis in law which precluded the secretary of state from appointing inspectors in the present case.

The first major question on the appeal was whether Mr Wilson was entitled to rely on the Common Law privilege against self-incrimination as entitling him to refuse to answer the inspectors' questions.

The privilege was deep-rooted in the Common Law. However, since *R v Scott (1856) 169 ER 909*, it had been accepted law that parliament might take away the privilege.

In *Scott*, where statute compelled a bankrupt to answer questions which might show he had been guilty of felonies or misdemeanors, Lord Campbell CJ said "the maxim of the Common Law has therefore been overruled by the legislature".

There was no express provision precluding officers of a company from relying on the privilege against self-incrimination when questioned by inspectors, either in the 1985 Act, or in the Insolvency Act 1986.

The court had to consider whether it was clear that parliament intended, when enacting Part XIV, to take away the privilege.

Lord Campbell's judgment in *R v Scott* was an example of the sort of reasoning which might justify the court in holding that the privilege had implicitly been taken away.

Section 434(2) of the 1985 Act as amended by the Companies Act 1989 provided that if inspectors considered an officer of the company might be in possession of information relevant to their investigation they might require him to "(b) attend before them, and (c) otherwise to give them all assistance... which he is reasonably able to give".

Section 436 provided that if he refused to answer, the inspectors might certify that fact to the court, and "(3)the court may thereupon enquire into the case and... punish the offender in like manner as if he had been guilty of contempt of the court".

On those provisions,the conclusion was that as (i) inspectors would in very many cases have been appointed where the circumstances suggested fraud, (ii) persons questioned were bound to answer their questions, and (iii) the inspectors' report might lead the secretary of state to petition for winding-up or to proceed in the company's name in the public interest, the privilege against self-incrimination was impliedly excluded.

The second major question was whether it was fair for the inspectors to seek answers, given that they admittedly would be self-incriminating.

It had long been held that the court was concerned to ensure that the procedure of private examination was not exercised in a manner oppressive to the person to be examined.

It might be that the court had power under section 463(2) to refuse to compel a person to answer or to punish him for refusing to answer, if it felt that the questioning was oppressive and therefore unfair.

But that was not this case.

If it was right that the privilege against self-incrimination was not available to Mr Wilson, the mere fact that the answers might incriminate him could not be enough by itself to make it unfair that he should be required to answer.

In considering, in the absence of privilege, whether it was fair that questions should be put to him, it was highly relevant that Mr Wilson's position in the three companies made it likely that he knew the answers to the questions the inspectors wanted to ask him, and highly relevant also that because of that position he owed the fiduciary duty to the companies.

The appeal was dismissed.

Their Lordships agreed.

*For Mr Wilson: Stanley Brodie QC, Stephen Nathan and Robert Howe (Tarlo Lyons).*

*For the inspectors: Andrew Collins QC and Arthur Charles (Treasury Solicitor).*

**Rachel Davies**
*Barrister*



## LEGAL NOTICE

No 0013803 of 1991
**IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION**

Mr Registrar Pimm

**IN THE MATTER OF B&C GROUP FINANCE LIMITED (IN ADMINISTRATION)**

**AND IN THE MATTER OF THE COMPANIES ACT 1985**

NOTICE IS HEREBY GIVEN that by an Order dated 16th December 1991 the Court has directed a Meeting ("the Meeting") of the Scheme Creditors (as defined in the Scheme of Arrangement hereinafter mentioned) of the above-named Company (hereinafter called "the Company") for the purpose of considering and if thought fit approving (with or without modification) the Scheme of Arrangement proposed to be made between the Company and the Scheme Creditors and that the Meeting will be held at the Forte Crest Bloomsbury Hotel, Coram Street, London, WC1N 1HT on Monday 10th February 1992 at 11.00 am at which place and time all the Scheme Creditors are requested to attend.

Any person entitled to attend the Meeting can obtain copies of the said Scheme of Arrangement, Forms of Proxy and Explanatory Statement required to be furnished pursuant to Section 426 of the Companies Act 1985 at the registered office of the Company situate at 62/64 Cannon Street, London EC4N 6AE during usual business hours on any day (other than a Saturday, Sunday or Bank Holiday) prior to the day appointed for the Meeting.

The Scheme Creditors may vote in person at the Meeting or they may appoint another person whether a Scheme Creditor or not as their proxy to attend and vote in their stead.

The Forms of Proxy appointing proxies must be lodged with the Joint Administrators at the registered office of the Company situate at 62/64 Cannon Street, London EC4N 6AE not less than 48 hours before the time appointed for the Meeting, and any Scheme Creditor failing to do so shall not be entitled to vote by proxy at the Meeting.

By the said Order, the Court has appointed Mr Stephen James Lister Adamson, or failing him Mr Gareth Howard Hughes, to act as Chairman of the Meeting and has directed the Chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated this 16th day of January 1992.

Lovell White Durrant
65 Holborn Viaduct
London EC1A 2DY
Tel: 071 236 0066

Ref: C4/REB/GJH

Solicitors for the above-named Company.

No 0013804 of 1991
**IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION**

Mr. Registrar Pimm

**IN THE MATTER OF BRITISH & COMMONWEALTH HOLDINGS PLC (IN ADMINISTRATION)**

**AND IN THE MATTER OF THE COMPANIES ACT 1985**

NOTICE IS HEREBY GIVEN that by an Order dated 16th December 1991 the Court has directed a Meeting ("the Meeting") of the Scheme Creditors (as defined in the Scheme of Arrangement hereinafter mentioned) of the above-named Company (hereinafter called "the Company") for the purpose of considering and if thought fit approving (with or without modification) the Scheme of Arrangement proposed to be made between the Company and the Scheme Creditors and that the Meeting will be held at the Forte Crest Bloomsbury Hotel, Coram Street, London WC1N 1HT on Monday 10th February 1992 at 10.00 am at which place and time all the Scheme Creditors are requested to attend.

Any person entitled to attend the Meeting can obtain copies of the said Scheme of Arrangement, Forms of Proxy and Explanatory Statement required to be furnished pursuant to Section 426 of the Companies Act 1985 at the registered office of the Company situated at 62/64 Cannon Street, London EC4N 6AE during usual business hours on any day (other than a Saturday, Sunday or Bank Holiday) prior to the day appointed for the Meeting.

The Scheme Creditors may vote in person at the Meeting or they may appoint another person whether a Scheme Creditor or not as their proxy to attend and vote in their stead.

The Forms of Proxy appointing proxies must be lodged with the Joint Administrators at the registered office of the Company situated at 62/64 Cannon Street, London EC4N 6AE not less than 48 hours before the time appointed for the Meeting and any Scheme Creditor failing to do so shall not be entitled to vote by proxy at the Meeting.

By the said Order, the Court has appointed Mr Stephen James Lister Adamson, or failing him Mr Nigel James Hamilton, to act as Chairman of the Meeting and has directed the Chairman to report the result thereof to the Court.

The said Scheme or Arrangement will be subject to the subsequent approval of the Court

Dated this 16th day of January 1992.

Lovell White Durrant
65 Holborn Viaduct
London EC1A 2DY
Tel: 071 236 0066

Ref: C4/REB/GJH

Solicitors for the above-named Company.

## LEGAL NOTICES

**ENSIGN TRUST PLC**

A petition was presented to the Court of Session on 13th January, 1992 by Ensign Trust PLC a Company incorporated under the Companies Acts and having its Registered Office at One Charlotte Square, Edinburgh EH2 4DZ for inter alia sanction of the scheme of arrangement appended to the petition and for confirmation of the proposed reduction of capital all as set forth in the petition; in which petition the court by interlocutor dated 15th January, 1992 has inter alia ordered a meeting to be convened of the holders of the Ordinary shares of 25p each and of the 'B' Ordinary shares of 25p each (other than those Ordinary and 'B' Ordinary shares beneficially owned by The Merchant Navy Officers Pension Fund) in the capital of Ensign Trust PLC for the purpose of taking into consideration and if so resolved of agreeing with or without modification to the said scheme of arrangement and authorised the directors to fix the day and hour and place of the said meeting.

In accordance with the authority given by the court the directors have fixed and notice is hereby given that the said meeting will be held at the offices of Morgan Grenfell & Co. Limited at 23 Great Winchester Street, London EC2 on the Twelfth day of February, 1992 at 10.00 a.m. at which place and time the said shareholders are requested to attend. Any member entitled to attend the said meeting and vote is entitled to appoint a proxy. Such proxy need not be a member of the company. To be valid, forms of proxy, duly completed must be lodged with the Secretaries of the Company at One Charlotte Square, Edinburgh EH2 0BY not less than 48 hours before the time appointed for the said meeting and must be signed in accordance with the instructions thereon.

The said scheme of arrangement will be subject to the subsequent approval of the court.

Copies of the said scheme of arrangement and of a statement explaining its effect and stating the material interests of the directors therein may be seen at the offices of Bird Semple Fyfe Ireland W.S. at 61 Queen Street, London, EC4R 1AA or obtained on request along with forms of proxy for use at the said meeting from the Secretaries of Ensign Trust PLC at One Charlotte Square, Edinburgh, EH2 4DZ.

Bird Semple Fyfe Ireland W.S.
Orchard Brae House,
30 Queensferry Road,
Edinburgh EH4 2HG

Solicitors for the Petitioners

**Jarratex Supplies Limited**

Registered No: 1243479
Trade classification: 11
Name and address of joint administrative receivers:
David John Stokes and Michael Joseph Moore
Cork Gully
1 East Parade
Sheffield
S1 2ET
Office holder numbers 2882 and 5582
Date of appointment: 8 January 1992
Name of appointer: National Westminster Bank PLC
D J Stokes
Dated: 9/1/92

**NOTICE OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS DENTONS COMPUTER SYSTEMS LIMITED**

Registered number: 1792995
Nature of business: Distributor of Computer Hardware and Software
Trade classification : 22
Date of appointment of joint administrative receivers: 9 January 1992
Name of person appointing the joint administrative receivers: Barclays Bank Plc
David R Wilton and Ian Napier Carruthers
(Office holder nos 5573 and 6882)
Cork Gully
43 Temple Row
Birmingham
B2 5JT

**NOTICE OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS K M COMPUTING LIMITED**

Registered number: 1748910
Nature of business: Supply and Installation of Computer Systems
Trade classification: 22
Date of appointment of joint administrative receivers: 8 January 1992
Name of person appointing the joint administrative receivers: Barclays Bank Plc
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**NOTICE OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS AMTECH (UK) LTD**

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Trading name(s): Amstrad Workstation Solutions
Nature of business: Computer Software
Trade classification: 36
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Name of person appointing the joint administrative receivers: Barclays Bank Plc
Ian Napier Carruthers and David Robert Wilton
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43 Temple Row
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B2 5JT

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Trading name(s): Websters Knitters Paradise
Nature of business: Retailer of Wool
Trade classification: 22
Date of appointment of joint administrative receivers: 6 January 1992
Name of person appointing the joint administrative receivers: Lloyds Bank Plc
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Trade classification: 36
Date of appointment of joint administrative receivers: 10 January 1992
Name of person appointing the joint administrative receivers: Barclays Bank Plc
Ian Napier Carruthers and David Robert Wilton
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Nature of business: Steel Stockholders
Trade classification: 15
Date of appointment of joint administrative receivers: 10 January 1992
Name of person appointing the joint administrative receivers: Midland Bank Plc
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# FDA sets record on approvals

The time taken for new drugs to be approved in the US is falling quickly, according to the Food and Drug Administration (FDA), the government agency which controls what goes on sale in the $60bn (£33.5bn) a year US drugs market.

It is also pushing through 43 per cent more products: 327 in 1991, compared with 229 in 1990. Among these was a greater number of new molecular entities (NMEs) – drugs with distinctly different structures from those already on the market – than ever before.

The FDA has been under pressure for some years over the time taken to approve drugs. The Waxman-Hatch act of 1984, for example, cut the time for approval of generic (non-patent) drugs. The drug industry lobby has since stepped up the pressure on the FDA for early approval.

In 1991, the average time taken for the top 30 new drugs, the NMEs, to be given the green light was 22.1 months, a 9 per cent improvement on 1990. The top 30 includes Glaxo's Zofran, used for treating nausea in cancer chemotherapy patients. Only 23 NMEs were approved in 1990.

For the five most important drugs, those identified as providing the greatest therapeutic improvement over existing treatment, the time was 11.4 months, about half the level two years ago.

These included Videx, Bristol Myers Squibb's Aids treatment. It was approved in six months, failing to beat the three-month record set in 1987 by the only other approved Aids drug, Retrovir, made by UK company Wellcome.

The Aids lobby has been at the forefront of pressure on the FDA to speed up the approvals process. Some 194 drugs were not given approval, either as outright rejections or withdrawn by the makers.

If the FDA's performance is improving, then its figures indicate the drug makers are standing still. It took an average of 7.3 years for one of the top 30 drugs to go from the first clinical trials to approval in 1991. In 1990, the figure was 7.9 years and in 1989, 7.4 years.

**Daniel Green**

**Christina Lamb** describes plans to put satellite images of the Brazilian rainforest on computer

# Operation Amazon

Name the remotest part of the Amazon rainforest to Diogenes Sales Alves and with the flick of a few switches on his computer he can tell you how much if any deforestation the area has suffered, when and how it happened, whether it contains any Indian settlements, any mining or agricultural activity.

Alves is head of a research project at the Brazilian Aerospace Institute (INPE) to compile from satellite images the first comprehensive analysis of the world's largest rainforest. The project, detailing everything down to the last nut gatherer, is expected to be completed by April. It is planned to be one of the highlights of the UN Environment Conference, or Earth Summit as it is known, which will be held in Rio de Janeiro in June.

Not only will the study enable examination of geological, hydrological and botanical features (and changes caused by human activity) in the 5.2m sq km of jungle, including areas which have never been penetrated, it will also provide valuable information for some of today's most controversial environmental debates such as whether forest burning is more detrimental to climate change than automobile emissions.

In recognition of its work in using satellites to analyse the effect of human development of the Amazon, INPE has been chosen to co-ordinate a study of the world's forests for the Space Agencies Forum. The results will be presented at the Earth Summit.

Surprisingly, INPE has only been studying the Amazon for three years. "In 1988 when global warming became a general preoccupation the world started wanting accurate information about the rate of Amazonian deforestation, so we were asked by the Brazilian government to do a study," explains Paulo Serra, head of terrestrial observations.

Beginning in April 1989 INPE devised a method using computer algorithms to calculate yearly deforestation from remote sensing satellite images taken by the American Landsat 5. Since 1984 the satellite has passed over the same point every 16 days from a 710km high orbit. This means that it always photographs Brazilian territory in the morning when cloud cover is still extensive so it is not ideal.

The satellite images are received in Cuiaba in the west of Brazil and transmitted 1,400km to an INPE station at Cachoeira where they are processed to generate photos. Landsat captures light reflected from the earth's surface, producing an image on a scale of 1:250,000 in varying tones of grey. The photographs are given artificial colours – green for forest, darkening according to the density, pink for barren areas, grey for smoke from burnings and blue for rivers and dams.

The best 229 photos in terms of clarity of those produced each year are selected, each covering 185 sq km. Examination of these photographs was used in 1989, 1990 and 1991 to calculate the yearly rate of deforestation. But, says Serra: "We realised this was an enormous amount of work just to get one number – so we decided to analyse the photos so that we can say when, where and how an area was deforested."

To do this INPE has developed its own geographic information system. According to Serra: "It is not very complicated – really just a matter of common language on what is deforestation – there is a lot of area in the Amazon which is neither rainforest nor deforestation."

Now when the satellite photographs are taken to INPE headquarters at Sao Jose dos Campos to be interpreted, the images are colour coded to represent deforestation of different years. The resulting maps are fed into the computer and can then be used not only to evaluate more accurately the rate of deforestation but also to study its effect on carbon- and hydro-cycles. Some 334 maps will be created to cover the whole area.

"Rather than simply having photos in archives, we can call up any area on computer from which we can make 1,000 observations," Serra explains. "I can pick a piece of land near Manaus and say that it suffered X amount of deforestation in 1988 because of this, nothing in 1989 and Y amount in 1990 because of something else. I can see what was deforested for agriculture, for hydroelectric dams, for garimpagem [informal mining] or simply disappeared, each of which has a different impact on the greenhouse effect."

Other uses for the computerised maps include looking at areas inhabited by Yanomami Indians and other indigenous tribes to see where their settlements are and to follow their movements and discover where there have been encroachments by garimpeiros or even cocaine smugglers building illegal airstrips. The maps will be used for the zoning of the 9.4m hectares recently declared a reserve for the Yanomamis.

Serra says the maps will also enable the study of the dynamics of forest nutrients, in terms of soil, gases and the waterboard. It will look at how deforestation has affected drainage and where streams have dried up because of silt produced by mining or reduction of forest protection.

They should also end ambiguities in, for example, how much of the forest has been destroyed and the efficacy of Brazilian government attempts to outlaw burnings. The government environment agency claims that burnings were down last year on the 14,000 sq km deforested in 1989-90, but ecologists say they are back at 1988-89 levels of 23,800 sq km.

The INPE team does not underestimate the importance of the project. "Not only are we creating the first ever Amazonian database which can be used by the whole world but we may also resolve some long-running debates in Brazil's favour," Serra claims.

With a sly smile, he adds: "Imagine the enormous effect if we could show through this that Amazon burning has much less impact on the carbon cycle and thus climate change than burning fossil fuels or running cars?"

# WORTH WATCHING

**Della Bradshaw**

## Notebooks for heavyweights

NEW portable and notebook PCs continue to roll off the production lines packing even more power into the clam-shell box, writes Paul Taylor.

Now Toshiba has added to the top end of its range with the T6400DX and T6400SX models built around Intel's 80486DX and 80486SX chips. The machines are aimed at engineers and scientists who need heavyweight computing power.

The mains-powered portables, with thin film technology colour or monochrome gas-plasma screens, boast 16-bit card expansion slots, memory expansion up to 20Mbytes using credit card-sized memory cards and full-sized 102-key detachable keyboards.

Toshiba has also introduced the mid-range T3300SL notebook driven by a power-saving 25MHz Intel 80386SL chip and using nickel hydride batteries which offer a third more power than their nickel cadmium equivalents. An internal modem which can be plugged into a cellular telephone is also available.

## Small potatoes hit the big time

THE problem for the horticulturist who has developed a new breed of potato is that it can take years to breed enough of the vegetables to get them into the shops. But a technique developed by scientists at the University of Wisconsin, and licensed by Small Potatoes, of Madison, could speed up the process.

Developers of the microtuber multiplication of potatoes process, which is also being commercialised by Rayyan Nederland, of Aalsmeer, Holland, believe the process can produce 30 tubers from a single parent "seed" – about 20 times the rate of today's methods. This is done through the interplay of light, temperature, the growing medium and gravity in proprietary bioreactors.

The system requires only a low-cost growth environment – the only human intervention is in inserting the original microtuber and harvesting the result.

## Cellular phones raise the stakes

EUROPE'S Ecu10bn (£7bn) market for mobile communications is set to more than double in size by the year 2001, according to the latest report from CIT Research, of London.

According to the survey, Mobile Communication in Western Europe 1992, the number of cellular radio subscribers in Europe by the year 2001 will be three times what they are today, and stand at around 13.6m. And 52 per cent of all cellular phones will be digital, with the UK having 1.4m digital cell-phones, Germany 1.35m and France 1.2m.

The use of paging should increase by 89 per cent over the same period predicts CIT, so that by 2001 there will be 4.2m pagers in use in Europe.

## Multimedia finds way to the bank

HUNTINGTON Bank, of Columbus, Ohio, is setting up a combined video-conferencing and interactive service, enabling bank customers to have instant personal assistance at point-of-sale multimedia terminals, writes David Barchard.

Huntington is using NCR 5682 self-service multimedia terminals, using technology developed by AT&T's Bell Laboratories, to enable a standard telephone cable to transmit both voice and video signals between the bank's personnel and customers.

The terminal allows customers to review accounts, obtain up-to-date information on bank products and rates, and perform other functions previously done by staff.

## Untouchables on the virus trail

COMPUTER viruses are never far from the headlines, but as new ones are identified and confounded, more pernicious ones are already worming their way into corporate PCs.

To thwart the virus creator, Fifth Generation Systems, of Baton Rouge, Louisiana, has developed a piece of software which enables the PC user to stay one step ahead of viruses, rather than running one pace behind.

When the Untouchable anti-virus software is loaded on to the PC it identifies and eradicates any existing viruses. Then the software copies a signature of all the files that are held on the PC. If a new virus enters the system – even those that have not previously been identified – the characteristics of this signature will change in a number of ways. This will enable Untouchable to identify the presence of a virus before it can do any damage. The software can be used with any PC running under the Dos operating system.

## Hole in one for golf design

THE golf club industry may not seem to be the most obvious market for computer-aided design systems, but at Dunlop Slazenger, in Normanton, West Yorkshire, a Cad system from Silicon Graphics has enabled golf club designers to design a whole range of high-performance clubs.

The design of a golf club is intricate – change one element of the club and it is likely to have an unexpected impact on other parts. As a result the design of clubs has been time-consuming.

With the Synergy range, however, computer technology enabled the company to develop one club in the range on the screen and then generate the rest in the set automatically.

The 3D graphics enable the designers to visualise the club and rotate it on screen, analysing its performance. In particular, it has enabled the company to move the centre of gravity in the clubs as required, and to accurately calculate and position the "cavity back" or hollow which appears in each club.

Contacts: Toshiba: Japan, 03 3457 4511; UK, 0932 841600. Small Potatoes: UK, [illegible]. Rayyan: Netherlands, 02977 2297. CIT: UK, 071 493 9247. NCR: UK, 071 725 8587. Fifth Generation Systems: US, 504 291 7221; UK, 0494 442224. Dunlop Slazenger: UK, 0924 [illegible]. Silicon Graphics: UK, 0734 308222.

# ARTS

# One Over the Eight

**STEPHEN JOSEPH THEATRE, SCARBOROUGH**

It might be surreal, but watching eight men in a boat, in a theatre, for most of two hours, can be a very funny experience indeed. Peter Robert Scott's *One Over The Eight*, directed by Alan Ayckbourn at the Stephen Joseph Theatre, Scarborough, proves to be exactly that; a lightweight, uplifting play about competitive rowing, energetically performed and crammed with knowing jokes.

The plot, unashamedly, is even shallower than the river Cherwell: a provincial university rowing club challenges the Oxford third boat, and then tries to live up to its bravado. At the outset, the rowers bear out the truth that only the mediocre are always at their best. They row according to chaos theory: one slip and the whole crew disintegrates. Their cox has abandoned them, and they are amazed the replacement is a woman. Their macho-slobbish instincts subside as she kicks them into shape. En route, there are arguments and intrigues, but the action makes directly for the finishing line.

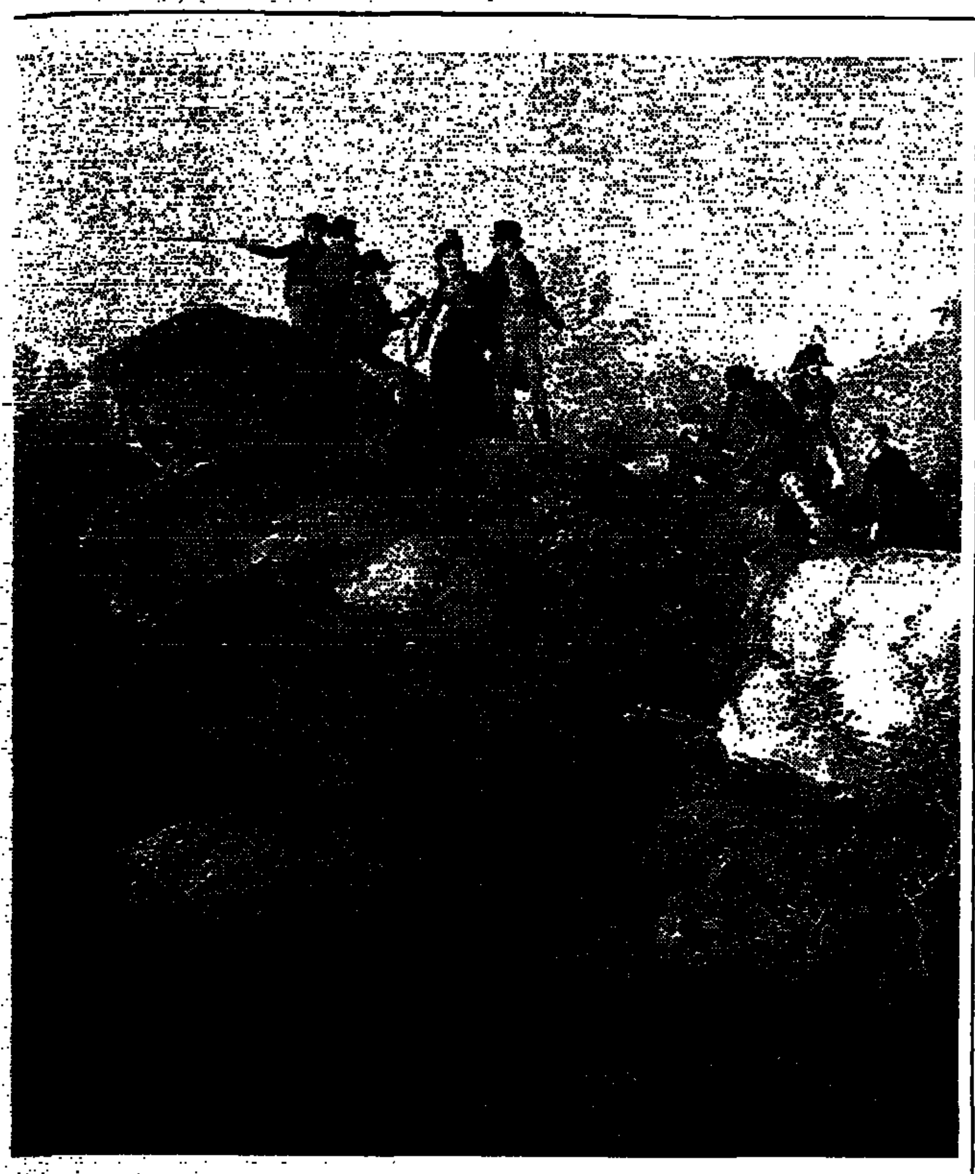
Movies thrive on this type of situation: a team of hopefuls come to believe in themselves and each other. Scott's play resembles the training scenes from *Stepping Out* or *42nd Street*, only here the characters find themselves through rowing, not dancing: the doubter finds faith, and the bully humility; the fatty loses a few pounds, and the smoker his habit. The play's serious concerns are lightly touched: it looks wittily at the relation between cox and crew, between beefcake and brains; and wryly at the palpable values of loyalty and trust which remain after the high-octane testosterone has evaporated.

Scott dispenses platitudes like liniment to smooth things along and give everyone a warm glow; they come mostly from Saskia Wickham's excellent cox and John Robinson's all-American college jock. They are balanced by a surly dissenter, played with tact and judgment by Jonathan Cake. Throughout, the rowing patois holds water; Wickham is native in it: bow-side, stroke, half-pressure, feathering, catching crabs.

As director here, Ayckbourn refines himself out of existence; his actors move around the boathouse set so naturally, interrupt each other so surely and squabble so realistically that they hardly seem to be acting. The setting – in the round – helps the cast of nine (crew plus cox) to generate a winning energy and exuberance; this keeps the action going long after the plot runs out of breath, and it is helped by John Pattison's efficient mood music.

The crew of this unnamed university eventually loses to Oxford's third boat by fourteen lengths; but they should feel confident when their show visits the Oxford Playhouse next month (February 3-8; and Brighton Theatre Royal, February 10-15).

**Andrew St George**



'The Hanging Rocks of the Hesselberg', 1801, by Johann Georg von Dillis

# Dillis: an unexpected talent

## Susan Moore visits Munich in an attempt to solve the puzzle of a polyglot early 19th century artist

One of the great revelations of the last 50 years is the extent to which the revolutionary visions of Constable and Monet were foreshadowed in the oil sketches of the late 18th and early 19th centuries. The oil sketches made in Rome in the 1780s by Pierre-Henri de Valenciennes were rediscovered in 1930; and contemporaneous sketches executed in Rome and Naples by the Welsh artist Thomas Jones turned up in the saleroom in 1954, and were exhibited in 1970. Their immediacy, swiftness of execution and sensitivity to atmospheric effects confounded audiences who regarded Valenciennes as a reactionary neo-Classical landscape painter, and Jones as a dull pupil of Richard Wilson.

As unexpected as the Valenciennes and Jones sketchbooks was the cache of drawings and oil sketches exhibited in Münich for the first time in 1959. They were by Johann Georg von Dillis, an amateur artist more widely remembered as the keeper of the royal collections for the Crown Prince, later King Ludwig I of Bavaria, and the first director of Münich's Alte Pinakothek. As an artist he was something of a conundrum. His landscapes were quite unlike any other painted in Germany in the late 18th and early 19th centuries.

A new exhibition at the Neue Pinakothek in Münich, organised to mark the 150th anniversary of his death, attempts to solve the Dillis puzzle. The artist is placed firmly in an European context, and he emerges as an intriguing Germany progeny of the parallel traditions of English and French naturalism.

To understand Dillis it is essential to known something of his extraordinary career. He was priest (briefly), painter, cicerone and connoisseur, gifted linguist and bureaucrat. In 1784 he came into contact with the remarkable Anglophile American Sir Benjamin Thompson, later Graf von Rumford, an economic and social reformer and philanthropist in the employ of Karl Theodor of Bavaria. Rumford introduced to Münich the notion of Picturesque gardening in the form of the Englischen Garten, and Dillis to the art of the English watercolour. He promoted Dillis's official career and his travels abroad, recommending him as a travelling companion to English Grand Tourists.

Most notable among them was Viscount Palmerston whose son, the future Prime Minister, Dillis drew in 1794. Thomas Jones described the the former as a "gentleman of taste", and it is quite plausible that he acquainted Dillis with the work or Wright of Derby, William Pars and the other watercolourists who had made the journey to Rome in the 1770s.

Dillis was to travel extensively in Germany, Switzerland, Austria and Italy. In Rome and Naples in 1805 he met Angelica Kauffmann, Gavin Hamilton, Sir William Hamilton and Turner's American pupil Washington Allston. From the first, certainly, his work shows an English bent. There is a specificity of place and time and light that is absent in contemporary German art.

An atmospheric townscape by moonlight in grey wash could almost be by J.R. Cozens, his manner of drawing foliage akin to that of Thomas Hearne. His high-key "Et in Arcadia Ego", set perhaps the Englischen Garten, is complete with classical temple, grazing cattle and figures under a tree: Münich through the eyes of Claude.

It is possible to walk around the show seeing a variety of masters guiding the hand of Dillis. Such is his experimentation that his technique changes from exhibit to exhibit. With a few notable exceptions, the less finished and formal watercolours and oils are by far the more pleasing.

If Dillis's somewhat old-fashioned drawings are indebted to the English watercolourists, his oil sketches – in Italy and at home – owe more to the predominantly French community of artists working in Rome and Naples at the turn of the century. Tree studies and rocky outcrops abound. He paints broad hoary vistas, and light catching the tumbling forth of waterfalls, as did his friend the Belgian Simon Denis, and Biddauld, Michallon and Corot. Particularly close in spirit as well as technique to Valenciennes are the three large and impressive panoramas of Rome painted in softening early morning light from a vantage point at the Villa Malta.

Dillis is not the South German Friedrich as suggested, or even a Bavarian Corot. He is, nonetheless, a fascinating witness to the flourishing exchange of ideas in Europe at the turn of the 19th century.

*Dillis: Landscapes and Portraits*, plus a separate exhibition of Dillis studies of Bavarian folk costume and landscape, continues at the Neue Pinakothek in Munich until February 9. It can be seen at the Albertinum in Dresden, March 1-May 3.

# Spread a Little Happiness

**KING'S HEAD THEATRE, N.1**

Sweet, funny, and occasionally surprising touching, this show does just what its title purports, and then some. Thanks to Sting, you've heard the song "Spread a Little Happiness" a hundred times, of course: it's a honey. But you may well have forgotten, or not have known, that its tune was written for *Mr Cinders* by Vivian Ellis, whose career in the London musical theatre began in the glorious 1920s and continued till well after the Second World War. He is still very much alive, and made a graceful speech on Tuesday's opening night.

*Spread a Little Happiness* honours Ellis by showing, in more than 30 songs, how much good work he has written. The pleasures it gives are largely mixed with surprise: the "So *he* wrote *this*" surprise on the one hand, and the "Why haven't I heard that before?" on the other. This celebration was devised by Sheridan Morley, who narrates with just the right combination of information and urbanity. It is deftly directed (by Dan Crawford), stylishly choreographed (by David Toguri) and handsomely performed by six singers.

Ellis began under the aegis of Jerome Kern and grew in the great age of C.B. Cochran's revues. One of the songs here – "Wind in the Willows" – was originally staged in 1930 by the greatest choreographer of the century, George Balanchine, and another – *Dancing with a Ghost* from the 1934 *Jill Darling* – was arranged by the greatest British choreographer, Frederick Ashton. Sometimes he himself wrote the words for his own songs, but he worked with other fine lyricists, including – for the post-War musicals *The Water Gipsies*, *Bless the Bride* and more – A.P. Herbert.

Alastair Muir

Rachel Robertson, Frank Thornton and Fiona Sinnott

In fact, it is the lyrics that are the greatest factor of this evening's success. Sometimes they are cleverly wordy, like "On the Amazon" with its list of the "philosopedes," "isosceles" and "hypodermics" that make the Amazon so dangerous. Sometimes they're just jolly skits: "I'm Horsa," "I'm Hengist," "We're coarser than Genghis," "I'm Hengist," "I'm Horsa," "We're mentioned in Chaucer." Sometimes they're charmingly satiric, as in "A Small Abode off the Finchley Road," the plaint of the lady who, from her married exile in Eaton Square, pines for her native Cricklewood.

Ellis does not emerge from this as a great melodist, and yet he seems a light year away from the decadence of the lyric-led shows of the Sondheim school. Ellis's songs are all so shapely, singable, grateful in their vocal lines, and they beam with freshness and innocence. They are sophisticated without cynicism. (To my ear, however, his style loses its contemporary spirit in the last show represented here, *Bless the Bride*, which reverts to an operetta prettiness that I find resistible – even though "This is my Lovely Day" has the evening's finest melodic line.)

The cast catches all the charm and tone of these songs. The two most experienced performers are Frank Thornton and Thelma Ruby; their timing and manner are perfect. Ray C Davis is the most skilful dancer present, throwing a neat double air turn and landing the moment before he starts to sing. Maurice Clarke sings the tenor solos musically, but his style is more pinched and nasal than suits these tunes. I think that music like Ellis's can teach singers how to use their voices freely, without squeezing or falsetto.

As you can hear with Rachel Robertson, who is the evening's best discovery. Picture-pretty in a rather Olivia Newton-John way, she is 19 years old but already able to phrase and point a song with skill. Her voice opens out in the bigger lines (though at moments it is slightly too breathy), and she can make much out of not a lot: e.g. "Me and My Dog". "I've got a dog. Me and my dog – Are lost in the fog. Can't any kind gentleman show me the way home?" For me the great event of *Spread a Little Happiness* is the way she weights those rhymes and repetitions – plaintive, winsome and yet deadly.

**Alastair Macaulay**

# London International Mime Festival

The London Mime Festival is upon us again, provoking the usual groans among fogeys old and young about their least favourite four-letter word and the usual fluster of spirited defences. Let us call a halt for the time being on ancient prejudices and try to trace some sort of common denominator for the 20 or so ensembles currently giving their all in the capital. Tricky. Many of them use language. They draw on cabaret, clowning, puppetry, staking their identity, it seems, more to their origins than to the work in hand.

And what are those origins? A quick flick through the festival brochure reveals that – except for a select band marked "international" – all are either European or North American. Even the international collaborations are predominantly Euro-American. This could, of course, be an accident of selection, or it could be a reflection on the festival finances (it is cheaper to bring a troupe from Holland than Honduras; and for the purposes of this festival, they must all be called "mime").

A more interesting possibility is that the grouping reflects the stage the English theatre and its audiences have reached in redefining themselves to take on board European developments in visual and physical theatre. Many of these companies would happily appear at festivals elsewhere in the continent as part of a mainstream theatre programme.

The UK has not got that far yet, although the subsidised companies are just beginning to take advantage of their expertise. (Linda Kerr Scott, who gives her solo show *Ave Maria* at the festival this week, has appeared as Lear's Fool for the RSC; Théâtre de Complicité, of which she is a member, gave its version of Dürrenmatt's *The Visit* at the Royal National Theatre).

So we are left with a largely Euro-centric community of performers whose passport to credibility often seems to be to have Jacques LeCoq on their curriculum vitae (see how the name of the French mime maestro glisters in the programmes of Théâtre de Complicité).I couldn't say if this applies to the personnel of Talking Pictures, which presents two shows at Battersea Arts Centre, because the festival's efficiency did not extend to programmes. This UK-founded company, classed with the international brigade because it uses performers from a variety of countries, displays a typical patchwork of influences and intentions. The director of its first show, the aptly titled *Europeans*, is Stephen Daldry, director designate of the Royal Court whose championship of European plays has done so much for the Gate Theatre over the last couple of years.

Billed as "a fast-forward comedy of European manners", the piece is a slickly performed homily about the dangers of withholding help from the newly democratised nations of the Eastern bloc. Arriving in Strasbourg for the "conferenzia", three tatty delegates from an unnamed Slavonic country gawp their way into audience with the image-obsessed French, the chaotic Italians and the poker-stiff English via the only common language language they can find: text-book Latin. As their case is heard and rejected, the lights go down, the conference table splinters into three and they trundle round the stage in tanks, while a corrupted version of the *Internationale* signals the ascendancy of a new nationalism and fascism.

As far as it goes, it is well done. The performances, by Jon Potter, Clarissa Malheros and the superb Dominique Grandmougin, dig deep into the lunacy of Euro-politics. But they are prevented by their chosen format from moving beyond national stereotypes into any more complex or profound reflection of realpolitik. A battery of skills is wastefully employed to ram home a single message. This is mime teetering on the edge of textual theatre, which reveals the danger of using words without a script.

**Claire Armitstead**

# INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

The BBC, in conjunction with London's Barbican Centre, has organised a mini-festival this weekend focusing on the music of Alban Berg. Tonight's programme of songs and chamber music is introduced by the BBC's music supremo John Drummond and features the Nash Ensemble conducted by Andrew Davis, with soloists including the soprano Arleen Auger and clarinettist Antony Pay. Tomorrow evening, Davis conducts the BBC Symphony Orchestra in the Altenberg Lieder (soloist Yvonne Kenny), the Violin Concerto (soloist Ulf Hoelscher), Three Fragments from Wozzeck and the Three Pieces for Orchestra Op 6. On Sunday afternoon, the Lindsay String Quartet plays the Third Quartet and Peter Donohoe plays the Piano Sonata Op 1. In the final concert on Sunday evening, Davis conducts a programme including the Lulu Suite and Three Pieces from the Lyric Suite. One of the aims of this Berg weekend is to show how the composer of the Seven Early Songs and Wozzeck followed a consistent line of development, with antecedents in Schubert and Mahler (071-638 8891).

The Nash Ensemble also plays a prominent part in two concerts at St John's Smith Square in London early next month (Feb 6 and 12) devoted to the chamber music of Russian composers. Along with works by Tchaikovsky, Rakhmaninov and Prokofiev, there will be two world premieres by leading contemporary composers: Edison Denisov's Dédicase for flute, clarinet and string quartet and Elena Firsova's Odyssey for seven players (071-222 1061).

One other London event worth noting this month is the new production of Humperdinck's rarely-performed opera Königskinder (1910), opening at the Coliseum on Jan 30 (nine performances till Feb 28). (071-240 5258).

The first Benelux performance of Tippett's opera King Priam (1961) takes place on Jan 26 when the Flanders Opera in Antwerp stages Opera North's production. It is directed and designed by Tom Cairns, and conducted by Elgar Howarth. There are further performances on Jan 28 and 30, and Feb 1 (233 6685).

## EXHIBITIONS GUIDE

**AMSTERDAM**

**Van Gogh Museum** Edouard Vuillard (1868-1940): the French artist's interior paintings featuring mainly his own family and friends. Ends March 8. Also Edgar Degas: 73 bronzes cast from a large number of wax and clay models found after the artist's death. Ends Feb 23. Closed Mon

**Rijksmuseum** Rembrandt: a major exhibition bringing together paintings from museums in Berlin, Amsterdam and London, and capitalising on the latest developments in Rembrandt research and attribution. Ends March 1. Closed Mon

**BERLIN**

**Martin-Gropius-Bau** The Jewish World: Jewish lifestyle and history as reflected in different political, social and cultural circumstances around the globe, and exploring the Jewish identity in thought, art and religion. Ends April 26. Daily

**Altes Museum** Martin Schongauer: an extensive exhibition marking the 500th anniversary of the death of the first great engraver of German art. Ends Feb 16. Closed Mon and Tues

**CHICAGO**

**Art Institute** Grave Goods from Ancient Cultures: 40 objects illustrating the burial customs of ancient civilisations, including Egypt, China, Greece and Iran. Also Korean Ceramics: 114 pieces from the Ataka Collection, a superb selection of ceramics from the Koryo and Choson Dynasties (9th to 19th centuries A.D.). Ends Feb 2. Also Chicago on the Streets: three Chicago photographers take part in this specially-commissioned exhibition examining the problems of the homeless. Ends April 5. Daily

**FLORENCE**

**Palazzo Pitti** Caravaggio: an exhibition marking the centenary of the birth of the distinguished Italian critic Roberto Longhi, who spearheaded the current vogue for the Baroque master. Among the 19 oils on display are several "double versions" of the same picture, such as The Boy Bitten by a Lizard - one belonging to the Longhi Foundation in Florence and the other from the National Gallery in London, both of certain attribution; and the fine Card Players, lent by the Kimbell Art Museum at Fort Worth. Ends March 15. Closed Mon

**Palazzo Strozzi** Gustav Klimt. The exhibition includes not only the over-reproduced but decorative and inventive female portraits for which Klimt is best known, but examples of his pastels, drawings, theatre sets - and a replica of the Beethoven frieze painted for an exhibition of the Secessionist movement in Vienna in 1902. Ends March 8

**LONDON**

**Royal Academy of Arts** Andrea Mantegna (c1431-1506): an exhibition of 150 paintings, drawings and engravings by one of the greatest artists of the early Italian Renaissance, tracing the development of his innovative genius. The subjects range from portraits to those with mythological and religious themes, and include Mantegna's Adoration of the Magi on loan from the Getty Museum and the celebrated series of nine canvases of The Triumphs of Caesar. Ends April 5 (Tickets can be booked in advance from the Royal Academy tel 071-287 9579). Also Katsushika Hokusai (1760-1849): sketches, paintings and 150 printed works by the most celebrated Japanese artist in the West. Ends Feb 9. Daily

**Accademia Italiana** Alberto Savinio: 60 paintings and drawings from 1925 to 1952 by the multi-talented Italian Surrealist, who was the brother of Giorgio de Chirico and contemporary of Picasso, Carra and Morandi. Ends Feb 23. Closed Mon (24 Rutland Gate SW7)

**Barbican** Yefim Ladizhinsky (1911-82): the first exhibition in Britain of an artist who documented life in the Black Sea port of Odessa, depicting the frozen streets of winter, the hustle and bustle of town life and everyday events in Odessa's large Jewish community. Ends Feb 11. Daily

**Goethe Institute** Gerhard Richter: works on paper 1966-1990 by one of Germany's most eminent living artists. Ends Feb 8. Closed Sun (50 Princes Gate, Exhibition Road SW7)

**Serpentine Gallery** Leonora Carrington: retrospective of the British surrealist, who was a colleague of Ernst and friend of Edward James. Ends Jan 26. Daily (Kensington Gdns W2)

**Tate Gallery** Anthony Caro: major retrospective of the leading British abstract sculptor. Also Turner's Rivers of Europe. Ends Jan 26. Daily

**Victoria and Albert Museum** The Art of Death: objects illustrating the response to death from the 16th to 19th centuries, when people acknowledged their own mortality more openly than today. Ends March 22. Daily

**National Gallery** Paula Rego: preparatory studies and finished paintings by the museum's first associate artist. Ends March 1. Daily

**MUNICH**

**Neue Pinakothek** Johann Georg von Dillis (1759-1841): Landscape and Portraiture. The exhibition, marking the 150th anniversary of the death of the museum's first director, encapsulates the important role occupied by Dillis not only in Bavarian Romantic painting, but in German art as a whole.

His knowledge of Turner's innovations and personal acquaintance with Girtin and Valenciennes influenced his own vision of landscape, to which he brought natural lighting and modern-seeming compositional approaches. Ends Feb 9. Closed Mon

**PARIS**

**Centre Pompidou** Max Ernst: 250 works showing the great Surrealist painter revelling in the subconscious. Ends Jan 27. Closed Tues

**Musée des Arts de la Mode** Elegance and Fashion in 18th century France: 80 exhibits from French Regency to the Revolution. Ends March 31. Closed Mon and Tues (107 rue de Rivoli)

**Musée d'Art Moderne** Alberto Giacometti (1901-66): an exhibition illustrating the Swiss sculptor and painter's despairing search for an adequate representation of the human figure. Ends March 15. Closed Mon (11 ave President Wilson)

**ROME**

**Palazzo Ruspoli** Canova sculptures and the Farsetti Collection from the Hermitage in St Petersburg. Almost as fascinating as the eleven glistening marble works by Antonio Canova (including the charming Cupid and Psyche and the first version of The Three Graces) is the collection of terracotta maquettes by masters such as Gian Lorenzo Bernini and Algardi, which had belonged to the Venetian abbot Filippo Farsetti and were sold by him to Tsar Alexander I. Ends Feb 28. Daily

**VIENNA**

**Albertina** Alois Riedl (b1935): an exhibition of realistic and abstract drawings in which the Austrian artist explores the relationship between people and furniture. Ends March 1. Also Hilma Af Klint (1862-1944): more than 70 paintings by the Swedish abstract artist giving insight into religious and philosophical movements at the turn of the century. Ends Feb 2. Daily

**WASHINGTON**

**Corcoran Gallery of Art** An Uncertain Grace: Photographs by Sebastiao Salgado. Over 100 images focusing on oppression and poverty around the world, capturing the daily hardships of life from famine victims in Africa to the Latin American peasant. Ends March 22. Closed Mon (500 17th St., N.W.)

**National Museum of American Art** Gene Davis: nine works illustrating different stages in the career of an artist who relies on improvisation, spontaneity and colour. Also recently acquired prints and drawings by more than 60 artists, including Willem de Kooning, Susan Rothenberg and Terry Winters. Ends March 1. Daily

**National Gallery of Art** Walker Evans: photographs documenting American life during the Depression. Ends March 1. Daily

**ZURICH**

**Museum Rietberg** Art of the Yorubas: sculptures from western Nigeria. Ends March 8. Closed Mon (Gablerstrasse 15).

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# A Gulf war balance sheet

ONE YEAR ago today, a great international military force, led by the US, with substantial British and Arab participation and acting under the mandate of the United Nations, went to war to free Kuwait from its occupation by Iraq. Forty days later, its mission was complete. The venture was judged worthwhile then and hindsight has not altered the judgment. But not all its consequences were foreseen or calculated, which is often the case with victory. An audit is therefore in order.

The legitimate government of Kuwait was restored and the country is in the throes of reconstruction. It has, however, not been transformed into a democratic model for the Gulf, although parliamentary elections are planned for later this year. Nor have similar fond hopes for structural changes in Saudi Arabia materialised, although it may have a consultative council soon.

However Saudi Arabia has reasserted its hegemony over Opec. With one third of all output, it dictates production and pricing policies. This is satisfactory to the US and the leading western oil-consuming countries. Barring the unpredictable, security of supply and stability of prices will remain the goals for the 1990s. The secondary war objective of securing Gulf oil supplies has thus been achieved.

On the broader international economic front, it is clear that the war was little more than a blip on any graph, contrary to the fears of a year ago. The global economy remains vulnerable to disruption and inflation in raw material supplies, above all oil, but its essential problems are much more related to public and private indebtedness, labour market rigidities and trade obstruction. In the US and Britain, it was shown that guns do not put butter on the table.

In the Middle East, it is a sad fact that Saddam Hussein still rules Iraq. This alone has brought great grief to its citizens, especially Kurds and Shi'ites. Now, as then, it would be better if he were not there – but it would be wrong to seek to overthrow him purely for reasons of vengeance or political gain. It remains preferable that the Iraqis do it themselves – and be rewarded by an end to commercial and diplomatic ostracism – than have the US implement its plan to remove him by even covert force.

### Arms bazaar

This does not mean that the international community is powerless to restrain Saddam from violating his own people or that it should ease in any way the pressure to root out all Iraq's offensive military and nuclear capability and to deny it more. This task is made more urgent with the potential entry into the arms bazaar of former Soviet weapons and nuclear expertise. Indeed, all the fine words about controlling the arms trade and promoting regional security have to date produced little. The only clear gain is the recognition in Iran, a beneficiary of the war, that the US is more than "the great Satan".

The western political fall out has been unpredictable. Both George Bush and John Major have found war's benefits ephemeral, demonstrating that, in election years, their respective publics tend to respond to more prosaic domestic issues. Today, the continued presence of Saddam in Baghdad may be an electoral liability for Mr Bush. Less so for Mr Major, although his admirable initiative on safe havens for the Kurds in Iraq has had a distressingly short shelf life.

### Desirable change

Although Germany, like Japan, was vilified for contributing only money, not troops, the war had a generally stimulative effect on the drive towards a common European foreign and defence policy; Maastricht was an advance, if an incomplete one. That the first test of EC resolve came in Yugoslavia was unfortunate, but also salutary on the learning curve. If it comes, the desirable change in the German constitution, allowing for the participation of its forces in any collective security operation outside the Nato area, may be said to have had its roots in the Gulf war. Equally, although constitutional change in Japan is less desirable, both domestic and international attention is now properly focused on the most effective ways in which it can contribute to global security.

The war was unequivocally good for the UN system. Its security council worked as never before, thanks, in part, to Mr Gorbachev. It is also right that the international community, acting through the UN, increasingly considers it legitimate to intervene in the internal affairs of a country on humanitarian grounds. This would be the best justification for any future active intervention in Iraq.

It is true, however, that no new world order, as promised by Mr Bush, has been put in place, partly because of the disappearance of the Soviet Union. But the lessons of the war point to that order's essential ingredients. They are that no country, not even the world's remaining superpower, can do it all on its own; that the UN, an effective European Community and a more outward-looking Japan, must all play important roles. If, as we wrote a year ago today, "war is the result of miscalculation", (in this case by Saddam Hussein) peace and security should not be.

# Labour wobbles on tax

LABOUR'S plans to eliminate the anomalies created by the interaction of national insurance contributions with income tax are commendable. An employee on £20,000 a year faces a marginal tax rate of 34 per cent (income tax plus NI contributions); when earnings rise above £20,280, the ceiling for employees' NI contributions, the marginal rate drops to 25 per cent. This is anomalous, and reform long overdue.

But eliminating the NI ceiling would impose losses on taxpayers which would be politically difficult to digest at one sitting. For an employee on £25,000 a year, the cost would be £425; at £30,000 a year, the cost would be £875. And even at much higher incomes, the loss created by lifting the NI ceiling would be greater than that imposed by Labour's plans for income tax.

About 3.5m voters would face tax increases of poll tax dimensions (the additional higher rate band, by contrast, would probably threaten fewer than 1m). Anyone on more than the average full-time male non-manual earnings – 14 per cent of taxpayers – would pay more. The effect would be even greater in the south-east: a draft IFS report suggests that a third of households would pay more NI contributions.

### Political implications

The political implications of such a tax increase are clear. And the Conservatives have launched a ferocious – if somewhat mendacious – assault on Labour's plans to ensure that anyone who aspires to modest income should feel threatened. When an opinion poll published on Wednesday put the Conservatives ahead of Labour, the Conservative chairman, Mr Chris Patten, was quick to claim success for his tax campaign.

Within 24 hours, senior Labour figures had let it be known that the NI reform could be phased in over years. Indeed, phasing-in had always been intended: scrutiny of policy documents revealed that increases would be introduced gradually to avoid disrupting family budgets.

### Strange silence

Maybe, but it is strange that neither Mr Kinnock, Mr Smith nor Mrs Beckett has mentioned such phasing during the myriad interviews they have given on Labour's tax plans. The oversight is all the more inexplicable because Labour could still honour its spending pledges if the abolition of the NI ceiling were done in stages.

This is not the first time that a carefully crafted package of Labour tax proposals has come unstuck under inspection. During the 1987 general election campaign, Labour's manifesto was less than frank about its plans to eliminate the married man's tax allowance. And prior to election day, Mr Kinnock and Mr Hattersley found themselves embarrassingly at odds over how far down the income scale their tax increases would reach.

Whether this was significant in the scale of Labour's defeat is impossible to judge. But Labour has had almost five years since then to get its tax policies right. The party can hardly complain if its belated endorsement of phasing in the removal of the NI ceiling is portrayed as a panic measure in response to an adverse opinion poll.

## David Marsh reports on the effect of tensions within the EMS

# Stressful exchanges

Mr Jacques de la Rosière, the governor of the Bank of France, emphasises his country's new-found monetary rectitude by spelling out to visitors his employees' latest pay increase: just 2.5 per cent.

He arches his Gallic eyebrows at events in Germany. As part of general high wage demands in this year's German pay round, the civil servants' association – which covers officials at the Bundesbank – has launched a claim for an increase of 10.5 per cent. German steelworkers, meanwhile, this week have threatened to strike in pursuit of a 10 per cent-plus pay claim – even though yesterday there was growing confidence that a 5 to 6 per cent pay deal might be negotiated without recourse to widespread work stoppages.

The uncharacteristic flagging of Germany's inflation performance – one of the side-effects of German unification – has a crucial influence on the present strains within in the European Monetary System (EMS).

The nervousness surrounding sterling – which was yesterday still hovering just above its effective floor in the system – reflects just part of the tensions. The strongest currency in the EMS remains the Spanish peseta, but the Italian lira, French franc and Danish crown have all been weak lately against the D-Mark.

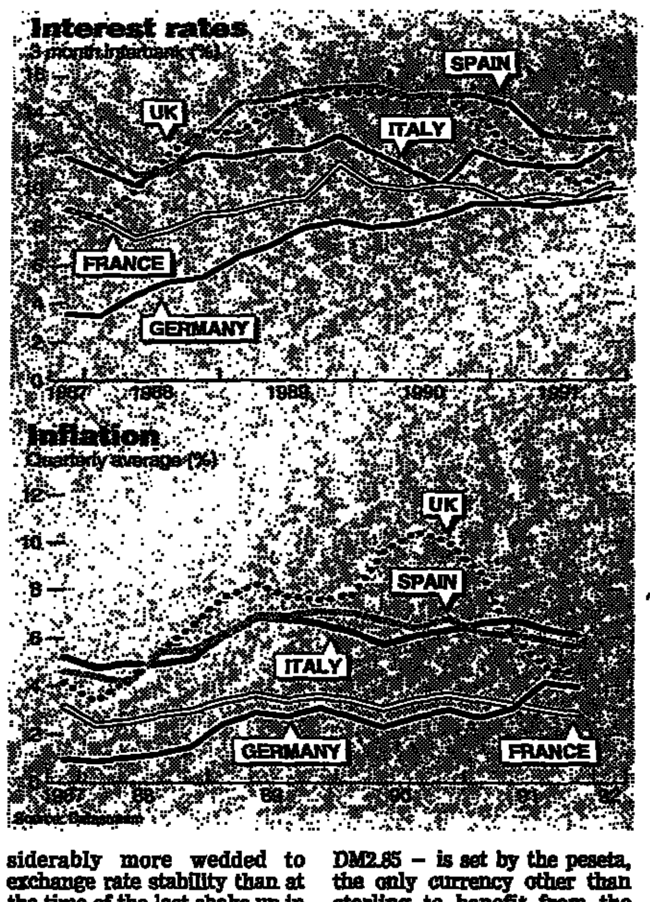
The EMS has functioned for five years without a significant exchange rate realignment. But partly because Germany has fallen from financial virtue as a result of post-unity economic turbulence, the system is starting to look vulnerable, for three basic reasons:

● High German interest rates: these have risen as a consequence of the Bundesbank's worries that Germany's unity-induced boom in 1989-90 has left the country with an inflationary hangover. The German public sector deficit is running at about 4 per cent of gross domestic product, caused by large-scale public sector transfers to east Germany, while German wage inflation last year was an unusually high 7 per cent.

● Worries about sterling: the British government has firmly ruled out devaluation. But with the economy still in the doldrums, the UK has been the only member of the exchange rate mechanism (ERM) not to have increased interest rates in the wake of the Bundesbank's pre-Christmas boost in discount and Lombard rates. Confidence has not been helped by the Bundesbank view – shared by some at the Bank of England – that sterling joined the ERM 15 months ago at an uncompetitively high rate.

● Longer-term concern about the position of the higher-inflation currencies within the EMS, above all the lira and the peseta: both Italy and Spain are running large current account deficits and will be prime candidates for devaluation if a large realignment needs to take place during the next two years as part of preparations for economic and monetary union (Emu).

In spite of this fragility, a realignment in the near future looks improbable, especially after the D-Mark's fall against the dollar in the last few days. Most EMS participants are considerably more wedded to exchange rate stability than at the time of the last shake-up in parities five years ago.




Most of these countries believe that the competitive advantage gained through any devaluation against the D-Mark would be outweighed by the negative effects on inflation. Rather than seeking a currency adjustment, Germany's partners seem likely, therefore, reluctantly to tolerate high interest rates in the next few months – part of the price of German unity.

One senior European central banker who has played a key role in running the nearly 13-year-old EMS says: "There was a good argument to revalue the D-Mark 18 months ago to lower inflationary pressures [during the reunification process]. If that had happened, there would have been less of a boom in Germany, inflation would still be only 2.5 per cent, and German interest rates would not be so high."

Now, however, with German growth slowing, he says: "The situation is different. The time for a revaluation has been missed."

In his struggle to avoid a foreign exchange market showdown, Mr Norman Lamont, the UK chancellor, has several cards up his sleeve.

Sterling's crucial EMS floor – at present, just below DM2.85 – is set by the peseta, the only currency other than sterling to benefit from the wide 6 per cent fluctuation margin. If the Spanish currency moves lower in coming weeks, this automatically increases the pound's leeway to drop to its ultimate floor of DM2.78, reducing pressure on the UK authorities to take defensive action.

If the Bank of England does need to intervene to protect sterling, it can draw on an increased stock of foreign exchange reserves – much of them now held in D-Marks. The UK's currency reserves have risen since the end of 1986 from $13bn to $36bn. This is part of an unprecedented $125bn increase in the currency holdings of Germany's eight ERM partner central banks during the past five years.

There is now less overall economic reason for a currency adjustment than in the past. European inflation rates have converged noticeably during the past five years – sharply narrowing interest rate differentials (see chart).

With French inflation down to 3.1 per cent last year, against 4.2 per cent in Germany, the Bank of France believes that the franc could eventually take over the "anchor" role in the EMS enjoyed by the D-Mark, allowing the French government to reduce its interest rates to less than Germany's. This explains why Mr Pierre Bérégovoy, the French finance minister, has become the arch-defender of the franc's present D-Mark parity.

One senior French finance ministry official remarks with hauteur: "We find it unacceptable that a currency with a lower inflation rate should be devalued." If there should be a realignment in the future, he says, the franc would move up in line with a revaluation of the D-Mark.

Mr Bérégovoy's rebuttals of devaluation now have considerable credibility, for he has found some powerful allies at home. In spite of slow growth and increasing unemployment – projected to rise to more than 10 per cent in early 1992 – there is near-consensus among French industrialists in favour of keeping the franc stable.

The French Patronat employers' organisation, which called at the beginning of the 1980s for a lower franc, now firmly rebuts the devaluation option. "Exchange rate discipline has had very positive effects on the competitiveness and efficiency of French enterprises," says Mr Ernest-Antoine Seillière, Patronat vice-president in charge of economic affairs. "For decades, we experienced systematic devaluations, which became a way of life. We do not want to start again."

Similar firmness on the need to stick to current EMS levels is shown by employers' organisations in the UK and Germany. Mr Douglas McWilliams, economic adviser to the Confederation of British Industry, says he is pleasantly surprised by the number of industrialists supporting the UK government's anti-devaluation line. Of CBI members, he estimates that "most would go along with a small rise in interest rates rather than a devaluation". Sir Brian Corby, the CBI president, yesterday ruled out a devaluation as "unacceptable, unnecessary and counterproductive".

Mr Ludolf von Wartenberg, general manager of the Federation of German Industries, the BDI, urges EMS partners to stick to the "stability course. A realignment would not be helpful", he says. "Other countries may try to escape the influence of German interest rates. But it would not solve their difficulties."

As European governments ponder how long the German credit squeeze will last, forecasts that the Bundesbank will reduce its key lending rates by April are starting to look more credible after a sharp fall in German capital market yields during the past few weeks – a signal that the German economic slowdown is now starting to bite.

Much will depend on the outcome of the next few weeks of German wage bargaining. If further evidence of sluggishness in the German economy coincides with moderation in pay deals, there will be overwhelming pressure on the Bundesbank to relax its stance. "At these high levels of interest rates," says one key Bundesbank official, "the air gets a little thin."

In the meantime, Germany's EMS partners will have little choice but to take the medicine from Frankfurt.

*BOOK REVIEW*

# Mid-bridge in the Middle East

**NO TRUMPETS, NO DRUMS**
**By Sari Nusseibeh and Mark Heller**
*I.B. Tauris. £12.95*

Any two people from opposite sides of the Arab-Israel divide who succeed in agreeing on more than a vague outline of a resolution of the longest-running Middle East conflict deserve credit. For the attempt to be made jointly by an Israeli citizen and a Palestinian assures the project of greater credibility and, hopefully, wider circulation. And for the authors to have concluded their task by liking and respecting each other was a bonus that even they had not contemplated.

What they would now like is for the involved parties to study their efforts, and to consider those areas where mutually acceptable solutions are shown to be possible.

It was none the less tempting to abandon No Trumpets, No Drums after the first few pages. The disappointment was provoked by the realisation that, although setting out on a marathon course, the two runners had started at the halfway mark.

Mr. Heller, a Canadian-born Israeli, quickly admits to having supported for some time the concept of an independent Palestinian state on the territory occupied by Israel in the 1967 war. For his part, Mr Nusseibeh knew of Mr Heller's position from the outset, and says that he could not have worked with an Israeli who refused to accept the necessity of a two-state solution. For him and, he says, the Palestinian people, the bottom line must be a sovereign state with East Jerusalem as its capital.

Contrast this with the starting point of the peace negotiations in Madrid last November and in the third session of talks in Washington this week. Not only does the Israeli government refuse to contemplate the emergence of a Palestinian state; it refuses to negotiate with a separate Palestinian delegation and will not concede the principle of returning any part of the occupied territories.

Mr Yitzhak Shamir, Israel's prime minister, has said repeatedly that all that is on offer is peace for peace. As if to reinforce that assertion, Israel is accelerating the pace of its house building programme in the West Bank and Gaza, regardless of mounting American anger and the increasing probability that President George Bush will seek to deny Israel the $10bn it is asking for in-loan guarantees to help settle the wave of new immigrants from what was the Soviet Union.

Of course, Mr Shamir is taking his most extreme position at the outset, both as a negotiating stance and in the hope that he might persuade the Arab delegation to abandon the process. But it would be naïve to expect that Mr Shamir, the Likud party he leads, or anyone else from the Israeli right to do what Mr Nusseibeh has required and received from Mr Heller: that is, to recognise the principle of what they describe as "equitability and mutuality" between the Israeli and Palestinian peoples.

If that were achieved, then Messrs Heller and Nusseibeh would be more likely to be observing and chronicling the progress of the official negotiations, rather than coming up with solutions of their own. Finding a way to cross the bridge from the reality of today to the point at which the authors have chosen to begin their own negotiations is what the present American-led peace process is about.

For Arab leaders, the past decade has brought a relentless narrowing of choice. The demise of pan-Arabism, the Gulf war defeat of Iraq's President Saddam Hussein, the collapse of the Soviet Union, and the pre-eminence of the US in the Middle East have left no way forward for them, other than through negotiation. If Mr Nusseibeh was able to deliver to them in fact what he has negotiated in print, songs in his honour would be sung throughout the Arab world.

He may not have achieved everything that the Palestinians want, but he has progressed further with Mr Heller than did President Anwar Sadat in his attempt to win concessions from Mr Menachem Begin, the former Israeli prime minister, at the Camp David negotiations which brought the first breakthrough in Arab-Israeli peace efforts.

Mr Heller will have a harder task in selling the results of his labour to fellow citizens. He questions, as do they, whether the Palestinians and other Arabs will ever in truly reconcile themselves to Israel's existence. But he is also convinced that Israel, faced by the choice between stalemate and a two-state solution, must choose the latter.

He and Mr Nusseibeh cannot agree on the precise borders between the two states, but they do not back away from solutions for scarcely less contentious issues, such as the return of Palestinian refugees, Jewish settlements, security, water resources, and even the future of Jerusalem as the jointly administered capital of both nations.

They have done what intelligent, fair-minded people should always be capable of. Sadly, as the Middle East daily demonstrates, their voices remain faint, and the need to make such a fundamental choice is far from being actively debated by the majority of Israelis. If ever it is, No Trumpets, No Drums can make a reasoned contribution to what will be an emotional and divisive debate.

**Roger Matthews**

# OBSERVER

## Staying power

■ Recognition at last! Vincas Bilickas, who for over 50 of his 87 years has unofficially represented Lithuania in Britain, is to be recognised as his country's ambassador by the Queen.

The first envoy to be appointed to the Court of St James by one of the newly independent Baltic states, he initially arrived in London as a commercial counsellor in 1938. A year later the Ribbentrop-Molotov pact pitched Lithuania into the Soviet Union.

Bilickas stayed put, along with the ambassador Bronius Balutis, becoming head of mission when his chief died in the 1960s. Although the UK foreign office allowed him personal diplomatic privileges, deeming him a *chargé d'affaires*, he was not recognised as Lithuania's envoy nor, of course, invited to diplomatic parties.

He'll no doubt make up for it after presenting his letters to the Queen on February 11. But, while he wouldn't say so himself, a better date might have been chosen.

Five days later comes Lithuania's longstanding Independence Day – one of the two occasions each year on which Bilickas has steadfastly raised his faded yellow, green and red national flag over the legation. The other is Her Majesty's birthday.

## Musical chairs

■ The reshuffle of finance directors at NatWest and TSB is all rather odd.

Why should a well-respected NatWest veteran like John Burns want to defect to a group less than half NatWest's size, when he is only four years from retirement? Presumably Burns is privy to NatWest's innermost strategic secrets, so why allow him to take them to an arch competitor? It looks far too cosy and once again raises questions about just how competitive British banks really are. Burns was not talking yesterday, so the market will have to draw its own conclusions.

Of the two banks, NatWest seems to be taking the bigger risk in going outside for a finance chief. While it certainly needs an injection of talent, such changes are better made step by step. Not only is Richard Goeltz not a banker, but he comes from another country. (His wife Mary Ellen Johnson, seems intent on continuing her career in Chicago as treasurer of Sara Lee.

He might be just what is needed to shake up NatWest's inbred management culture. But the record of similar moves is not particularly encouraging. Midland Bank is on its third outside finance director and so far there is little improvement in its fortunes. Meanwhile, Lloyds Bank, the most successful of the clearers, seems to have done very well without having a finance director on its board.

## Well telegraphed

■ It was scarcely a surprise punch-line that emerged from the New York Times's 65-year-old chairman and publisher yesterday. Arthur Ochs Sulzberger, known familiarly as Punch (his sister is called Judy) named his son Arthur Ochs Sulzberger Jr as new publisher.

Junior, dubbed Pinch by outsiders, joined the NY Times in 1978. Now 40, he has worked there as general reporter, advertising man, corporate planner, and deputy publisher.

There was never any doubt about his destiny. His earnings, which in 1990 totalled $302,500, reflected his exalted position. As one Wall Street analyst noted a while back: "Obviously your name isn't Sulzberger for nothing."

True, Pinch will have to contend with a recession-hit media market. The New York Times Company reported a 79 per cent slump in third quarter net profit, to $1.9m. But Sulzberger senior declared himself "confident that Arthur will be an excellent publisher".

Oddly enough, much the same was said last March by Katharine Graham, owner of the Washington Post, when she named her son Donald to succeed her as its chief executive.


"You'd sell your own grandmother to Saddam Hussein, Fry – I like that in a man"

## Ivan the voluble

■ Britain's parliamentary equivalent of TV talent-spotting shows, private members' bills offer obscure backbenchers a rare chance to change the law and achieve stardom. And opportunity knocks today for Conservative MP Ivan Lawrence, whose national lottery bill comes up in the House of Commons.

He is already better known than most backbenchers, not least because of his other job as a criminal barrister in which he appeared for the Kray brothers and mass-murderer Denis Nilsen. But he has also scored a telling achievement in parliament.

In opposing the government's Water (Fluoridation) Bill nearly seven years ago, he made a speech starting at five in the morning and lasting four hours 23 minutes – enshrined in the Guinness Book of Records as the longest back-bench speech under present standing orders.

## Culture gulf

■ Henry V would have turned in his grave when the war against Iraq began on the morning of January 17 last year, according to the man who commanded Britain's naval forces in the Gulf.

Commodore Christopher Craig told an audience at the Royal United Services Institute yesterday how, shortly before the allied offensive, he asked commanders in Riyadh for a codeword he might flash out to tell everybody when "the balloon had gone up".

The word he requested was *Agincourt*. To his consternation, the response came back: "Use *Walkman*."

## City expects..

■ While we're talking about codes, isn't it time Trafalgar House replaced the three flags in its logo with a more appropriate message?

The three pendants spell out the number 253, which the company insists was the code Nelson used for "England" in his famous signal about expecting every man to do his duty at the battle of Trafalgar. But to judge by yesterday's rather stormy annual general meeting, the company of Trafalgar isn't living up to City expectations at least.

A more apt logo might be letter-flags SFV, signifying "my engines are going full speed astern, I am disabled – communicate with me, and I require assistance".

FINANCIAL TIMES
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Issue of Israeli settlement activity in the occupied territories seen as blocking progress

# Mideast talks end in virtual deadlock

By **George Graham** in Washington

THE LATEST round of Middle East peace talks ended in virtual deadlock yesterday after four days of negotiations in Washington.

Israeli delegates flew home, a day later than planned, to face a mounting domestic political crisis after the withdrawal announced by two right-wing parties imperilled the parliamentary majority of the Likud-led coalition government.

They left behind a host of unresolved issues, after making little headway in bilateral talks with Syrian, Lebanese, Jordanian and Palestinian delegations.

But threats of a complete breakdown in the talks appeared to be averted. Israeli and Arab delegates at least agreed they should meet again on February 10, but could not agree where. Israel wants to move the talks to the Middle East, while the Arab delegations want to keep them in Washington.

Mr Richard Boucher, a spokesman for the US State Department, said: "We think that this round of talks was important and that significant procedural issues were resolved.

"The issues to be negotiated are complex, and thus the negotiations are expected to be tough. The key is to remain on course towards achieving a comprehensive settlement of the Arab-Israeli dispute."

Blocking further progress is the issue of the settlements in the occupied territories in the West Bank and Gaza: Palestinian delegates see this as a critical obstacle; Israel sees Palestinian violence against the settlers in the same light.

But the US, which views the settlements as an obstacle to peace, is placing increasing pressure on Israel to curb its settlements activity or forego the $10bn of loan guarantees it has requested from the US over the next five years to finance the absorption of Soviet Jews.

Under growing pressure from their home constituencies – the Palestine Liberation Organisation in Tunis and the leaders of the Intifada in the occupied territories, for the Palestinians, and the right-wing parties for Israel – the delegations have exchanged insults, in a process described by Mr Hanan Ashrawi, the Palestinian spokeswoman, as "one-upmanship on pain".

Mr Robert Satloff, of the Washington Institute for Near East Policy, said: "Both the Israelis and the Palestinians are operating under severe domestic constraints. A lot of the rhetoric is for home consumption."

Observers point out that the Palestinians and Israelis quickly resolved the procedural dispute that had prevented them from even sitting around a table in the last round of talks in December.

Palestinian delegates presented their proposals for interim self-government, which call for an assembly of 180 delegates elected under international supervision.

"It's a starting position which they understand is not acceptable. But they are perfectly entitled to put that proposal on the table," said Mr Zalman Shoval, Israel's ambassador to the US.

Book review: Mid-bridge in the Middle East, Page 16

# Yeltsin vows to defeat 'sabotage'

By **Leyla Boulton** in Moscow

RUSSIAN president Boris *Yeltsin yesterday vowed to* speed up privatisation and smash monopolies in the face of what he called "sabotage" *by powerful forces, including* former Communist officials.

Defending his cabinet of economic reformers, he also dismissed attacks, including a resignation call by Mr Ruslan Khasbulatov, the Russian parliament's ambitious chairman, as "unacceptable" attempts to reap "political dividends" from present difficulties.

"The market is being set up in difficult conditions – economic crisis, collapse of the union.... the resistance of mafia structures striving to retain dominance in distribution, open sabotage by the former party *nomenklatura*," he told parliament.

Warning that the reforms were not yet irreversible, he urged deputies to show "real support, mutual trust and joint action". He said, for instance, that in an attempt to bring down prices, he would cut the *profit margins allowed produc*ers to half of their costs.

Just back from a national tour, Mr Yeltsin said lower-*level authorities had failed to* pay salary increases for state employees and subsidies for the poor in many parts of the country – fuelling discontent.

Independent Russian trade unions, *2,000 members of which demonstrated outside* the parliament building yesterday, plan a day of action today to protest against the way mar*ket reforms are being carried* out. Miners in Kazakhstan are already on strike, while Russian miners and railway workers are threatening similar action.

Mr Yeltsin said special committees were being set up in 40 regions to oversee the implementation of reforms. In another measure likely to prove popular, he announced that Communist party money frozen in Russian bank accounts would be used to finance social welfare for those hit hardest by price reforms.

In the parliament yesterday Mr Khasbulatov sneered as Mr Yegor Gaidar, the deputy prime minister responsible for economic reforms, spoke. But his deputy, Mr Vladimir Shumeiko, said that parliamentary and government leaders had met the previous day to narrow their differences.

*He described legislation to* put trade on a market footing as excessively bureaucratic, but Mr Gaidar countered that *it had produced results. Out of* 70,000 state shops in Russia, said Mr Gaidar, 20,000 had already opted for "commercialisation" – the right to act as independent legal entities, con-

**Boris Yeltsin: resignation call "unacceptable"**

cluding their own contracts and holding their own bank accounts. He also said that a budget for 1992 had been submitted to parliament for approval. The government is aiming for a balanced budget this year and Mr Yeltsin said that unless the central bank tightened its credit policies, all reforms would be "under question".

# Court may be split over Papandreou verdict

*By Kerin Hope in Athens*

MILITARY helicopters hovered over the Greek supreme court *last night as 13 senior judges* considered their verdict at the end of the trial of Mr Andreas Papandreou, the socialist former prime minister, who was charged with corruption.

Mr Vassilis Kokkinos, the court president, was due to announce the decision yesterday evening.

Making a brief statement after nine hours of deliberations, he said the court was not ready to issue a verdict but would do so before the night was over.

Legal analysts speculated that the court was still divided over a breach of trust charge *against* Mr Papandreou, linked with the deposit of billions of drachmas by state-controlled corporations in the Bank of *Crete*.

Interest on the deposits was allegedly skimmed off by the bank's owner, Mr George Kos*kotas*. A crowd of socialist supporters, some waving pictures of Mr Papandreou, shouted "Not guilty" and "Hands off Andreas" outside the court. Inside, Mr George Petsos, a former industry minister and co-defendant, paced the corridors with his lawyer, a glass of whisky in his hand.

Mr Papandreou, who refused to appear in court during 10 months of hearings, awaited the verdict at his suburban home, together with senior members of his Panhellenic Socialist Movement (Pasok).

The third defendant, Mr Dimitris Tsovolas, a former *finance minister, took refuge* in the Pasok offices in central Athens, together with his wife and daughter, after *saying* he *would resist arrest if found* guilty.

# Swiss link in Maxwell share deals

By **Bronwen Maddox, Ian Rodger and Robert Peston** in London

INVESTIGATORS believe that vital information on Mr Robert Maxwell's alleged illegal attempts to support the Maxwell Communication Corporation share price is held by Dr Werner Rechsteiner, a Zurich-based lawyer, who is administrative president of Yakosa Finanzierungs, a *secre*tive Swiss holding company.

The Financial Times has established that Yakosa is one *of two Swiss vehicles which* bought between 20m and 25m MCC shares, worth £50m ($89m) in April 1991.

*Goldman Sachs, the leading* US investment bank, acted as broker to a series of transactions involving the sale of 25m *MCC* shares in April.

Yakosa and Servex, another Swiss company, are targets of an investigation by Britain's Serious Fraud Office and by accountants Arthur Andersen into the alleged share support scheme.

Yesterday Dr Rechsteiner confirmed that Yakosa had held shares in *MCC* at one point.

He also said that he had been approached by ArthurAndersen, the accountants, which have been appointed administrators of the Maxwell private companies under UK insolvency law.

Andersen is trying to trace around £1bn missing from the accounts and pension funds of *the late Mr Robert Maxwell's* public companies, MCC and Mirror Group Newspapers.

Andersen believes that *£150m of the £1bn was chan*nelled by Mr Maxwell to offshore vehicles last year to buy MCC shares.

*Speaking from his office* in a smart residential district overlooking Zurich, Dr Rechsteiner said that he did not think Yakosa had anything to *hide* but could not answer questions or indicate if Mr Maxwell was a client without getting approval from the client or an order from the Swiss authorities to waive the lawyer-client privilege.

He added, however, that he wanted to be helpful as he thought "what had happened" since Mr Maxwell's death was terrible. He said that he *has* told Arthur Anderson that as soon as lawyer-client privilege is lifted, he is prepared to co-operate fully.

Yakosa, registered in Chur, Switzerland, and Servex AG, registered in Zug, are believed to have bought 20-25m shares in MCC in the last week of April.

During March and April the MCC share price rocketed from 150p to 240p.

*Mr Maxwell needed to sup*port the MCC share price because more than £300m of borrowings by his private companies were secured on *MCC* shares, and as the MCC share price fell, banks demanded more collateral.

However, if the shares were being bought by vehicles connected to Mr Maxwell, the trades should have been made public, under the UK Companies Act. It is also illegal for public companies to assist in the purchase of their own shares without obtaining shareholder approval.

The mechanism of the April purchases is still under investigation by *the Serious Fraud* Office. Although stock market trade in MCC shares was typically low and patchy during the early weeks of April the volume surged to peaks of around 7m shares a day, and daily turnover of 3m to 4m was common.

Goldman Sachs was the *City's biggest market maker* – or wholesaler – of MCC shares for the past two years. During April and August of 1991, Goldman Sachs sold shares to investors introduced to it by Mr Maxwell. Andersen has established that the shares ended up in offshore vehicles in Liechtenstein and Panama, which it now believes to be controlled by Mr Maxwell.

Goldman asked Mr Maxwell for an assurance that the investors were not connected to him. He gave this assurance. Goldman received similar assurances, in writing, from the investors.

*Goldman has since become* concerned that it could have been misled.

*Possible buy-out, Page 16*

# Nissan to lift output

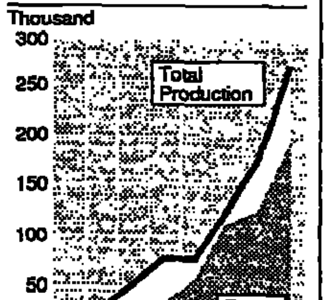
Continued from Page 1

*As the Micra replacement* comes on stream, the number of parts suppliers will grow from 179 to 195;most of the extra suppliers also *British*.

Of the £200m spending total, some £150m is being invested in expanding NMUK's own facilities. The remaining £50m is being spent on expanding body pressing capacity at Nissan Yamato Engineering, an *80 per cent Nissan-owned joint* venture adjoining the assembly operations. With little left of the UK machine tool industry, the lion's share of its plant and equipment spending is expected to go to overseas suppliers.

The extra workers will bring the labour force at Sunderland to 4,600.

**Nissan Motor Manu. (UK)**




Source: OECD

# Italy finds $8.2bn in aid for state groups

By **Robert Graham** in Rome

THE ITALIAN government yesterday approved L10,000bn ($8.2bn) in much-needed funds for IRI, the state holding company, and Efim, the state industrial holding.

The money will be made available under a complex formula intended to circumvent a supreme court block on the funds, and to satisfy the European Commission, which has been subjecting state aid to Italian industry to growing scrutiny.

IRI has debts exceeding L55,000bn and has had no significant fresh injection of funds since 1989. Efim has debts of L7,000bn and has been nearly bankrupted by supporting its lossmaking aluminium activities.

Last February, the government agreed to cover up to 4 per cent annual interest and guarantee loans and bonds on maturities of up to 12 years. The amount covered totalled L10,000bn for the two organisations. This was blocked by the public audit office, an action subsequently supported by the supreme court which ruled that, since government financial planning was on a three-year programme, it was unconstitutional to create obligations for future administrations beyond this period.

The new formula envisages three cash injections of L400bn, L400bn and L1,200bn covering 1991-93, plus a guarantee to cover up to 4 per cent of interest on credits and bonds during this period. According to an IRI spokesman, this will be regarded as the equivalent of the state, as shareholder, injecting fresh funds, even though IRI remains in the anomalous position of being a holding with no formal capital, merely an endowment fund.

On the basis of these cash injections, IRI would be able to raise up to L8,450bn between 1991 and 1993; Efim would be able to borrow up to L1,550bn.

IRI plans to invest some L70,000bn in its various holdings over the next four years, and maintains that it has only received L2.58bn in direct state aid since 1986.

These funds are needed to develop advanced sectors such as telecommunications. However, substantial investment is also needed to restructure traditional industries, such as steel (due to absorb L3,000bn), shipbuilding and defence, in addition to heavy ongoing continuing commitments, such as that to like RAI, the state-run television.

At the same time, IRI is gearing up to meet the government's demands to raise L15,000bn this year from privatisation. Privatisation measures, including the right for the private sector to own majority stakes in state companies, are a key element of revenue raising in the 1992 budget. However, political disagreements are still holding up final approval of the form privatisation will take.

## WORLDWIDE WEATHER

| | | °C | °F |
|---|---|---|---|
| Ajaccio | S | 13 | 55 |
| Algiers | F | 13 | 55 |
| Amsterdam | C | 4 | 39 |
| Athens | S | 12 | 54 |
| Bahrain | S | 18 | 64 |
| Bangkok | F | 28 | 82 |
| Barcelona | S | 8 | 46 |
| Beirut | R | 12 | 54 |
| Belfast | F | 6 | 43 |
| Belgrade | F | 6 | 43 |
| Berlin | Dr | 6 | 43 |
| Biarritz | C | 8 | 46 |
| Bombay | S | 28 | 82 |
| Bordeaux | C | 2 | 36 |
| Boulogne | C | 5 | 41 |
| Brussels | C | 5 | 41 |
| Budapest | F | 6 | 43 |
| Buenos Aires | F | 22 | 72 |
| Cairo | C | 16 | 61 |
| Cape Town | C | 19 | 66 |
| Caracas | C | 26 | 79 |
| Casablanca | S | 15 | 59 |
| Chicago | C | -22 | -8 |
| Cologne | C | 5 | 41 |
| Copenhagen | C | 7 | 45 |
| Corfu | S | 13 | 55 |
| Dallas | S | -7 | 19 |
| Dublin | S | 6 | 43 |
| Dubrovnik | | – | – |
| Edinburgh | C | 7 | 45 |
| Faro | S | 14 | 57 |
| Florence | C | 5 | 41 |
| Frankfurt | C | 5 | 41 |
| Geneva | C | 2 | 36 |
| Gibraltar | F | 15 | 59 |
| Glasgow | F | 8 | 46 |
| Helsinki | S | -3 | 27 |
| Hong Kong | S | 17 | 63 |
| Innsbruck | S | 2 | 36 |
| Inverness | C | 9 | 48 |
| Islamabad | F | 18 | 64 |
| Istanbul | F | 5 | 41 |
| Jakarta | R | 31 | 88 |
| Jersey | F | 6 | 43 |
| Johannesburg | S | 26 | 79 |
| Lima | F | 26 | 79 |
| Lisbon | S | 10 | 50 |
| London | C | 6 | 43 |
| Los Angeles | S | 12 | 54 |
| Luxembourg | C | 3 | 37 |
| Madeira | F | 18 | 64 |
| Madrid | S | 5 | 41 |
| Majorca | S | 13 | 55 |
| Malaga | S | 15 | 59 |
| Malta | S | 15 | 59 |
| Manchester | C | 6 | 43 |
| Manila | F | 30 | 86 |
| Melbourne | S | 17 | 63 |
| Mexico City | F | 21 | 70 |
| Miami | S | 8 | 46 |
| Milan | Fg | 0 | 32 |
| Montreal | S | -27 | -17 |
| Moscow | Sn | -5 | 23 |
| Munich | C | 1 | 34 |
| Nairobi | C | 24 | 75 |
| Naples | S | 14 | 57 |
| Nassau | C | 25 | 77 |
| New Delhi | S | 15 | 59 |
| New York | C | -2 | 28 |
| Nice | S | 13 | 55 |
| Nicosia | C | 14 | 57 |
| Oporto | S | 13 | 55 |
| Oslo | S | 7 | 45 |
| Paris | C | 5 | 41 |
| Peking | S | 5 | 41 |
| Prague | C | 3 | 37 |
| Reykjavik | C | 3 | 37 |
| Rhodes | S | 13 | 55 |
| Rio de Janeiro | R | 37 | 99 |
| Rome | S | 12 | 54 |
| Salzburg | C | 2 | 36 |
| San Francisco | F | 7 | 45 |
| Seoul | Sn | 0 | 32 |
| Singapore | R | 27 | 81 |
| Stockholm | S | 2 | 36 |
| Strasbourg | C | 4 | 39 |
| Sydney | S | 25 | 77 |
| Taipei | F | 15 | 59 |
| Tangier | F | 15 | 59 |
| Tel Aviv | R | 8 | 46 |
| Tenerife | F | 23 | 73 |
| Tokyo | C | 7 | 45 |
| Toronto | F | -21 | -6 |
| Tunis | C | 14 | 57 |
| Valencia | S | 10 | 50 |
| Venice | Fg | -1 | 30 |
| Vienna | C | 4 | 39 |
| Warsaw | C | 4 | 39 |
| Washington | C | -4 | 25 |
| Zurich | C | 2 | 36 |

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

# The lure of cheap mortgages

In its own small way, yesterday's cut in UK mortgage rates is distinctly encouraging. In guessing that UK interest rates have peaked, the building societies are no better informed than the rest of us. But they are seeking to stimulate the housing market in the critical spring season; and if, as the equity market is tentatively suggesting, retail spending is starting to pick up, this could provide a fillip.

The equity market's confidence is perhaps more broadly based than that. Yesterday's most striking feature was the collapse in drug stocks and the surge in cyclicals such as British Steel and ICI. This mimics recent events on Wall Street, where defensive stars of 1991 such as Merck and Coca Cola have been savaged while cyclicals like steel have soared. As a measure of US belief in recovery, this is a healthy sign. In the UK, *it may be more a* matter of picking high yielders on the grounds that their dividends are not so vulnerable after all. But that too represents confidence of sorts.

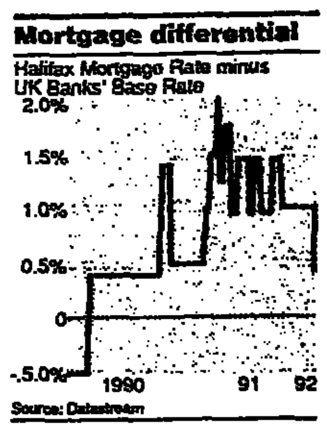
The fall in UK drug stocks – Glaxo alone accounted for 10 points off the FT-SE yesterday – is simpler. As in the US, the sector benefited hugely last year at the expense of the cyclicals. But in the UK the effect was much more exaggerated in both directions, so that yesterday's 10 per cent rise in *British Steel* and *5 per cent fall* in Glaxo does little to close the gap. In addition, it looks as if UK drug stocks have been supported lately by US buying; and if US investors have fallen out of love with Merck, there is the less reason for them to support Glaxo.

As for the direct effects of the mortgage rate cut, the lack of movement in the housebuilders yesterday suggests that the market is not expecting too much. Coming after the suspension of stamp duty and the attempts to stem the flow of repossessions before Christmas, a half-point cut is not to be *sniffed* at. But the housing market is locked in an unprecedented state of depression, real interest rates remain high *without the compensating* prospect of capital gains, and the approaching election is still a barrier to confidence.

*Abbey National's initiative* may nevertheless have important consequences for its competitors, not least the already struggling wholesale lenders which rely for funds on the money market. Abbey has also widened its margins significantly in the last couple of years, and is therefore in a strong position if the battle for market share intensifies. Barclays' announcement yesterday of a new capped mortgage could be a *sign of things* to come. It could also be a reason for not getting carried away with bank shares, whatever their yield attractions.

**FT-SE Index: 2,541.6 (+4.5)**

**Mortgage differential**




Source: Datastream

## UK unemployment

Yesterday's unemployment figures are perhaps of more political than economic significance. The seasonally adjusted increase of 31,100 in December might be taken as further evidence that the feared double dip is not materialising, even though it took the national *rate of unemployment to* 9 per cent. But it is instructive to look at regional variations. More than half the monthly rise was in south-east England, where the concentration of marginal constituencies makes the government particularly vulnerable. By contrast, unemployment in the north-west, where there is another less publicised group of marginal conservative seats, is barely rising.

It would be tempting to conclude that this is simply a case of swings and roundabouts, were it not for the fact that the north-west still has one of the highest rates of unemployment in the country. Small wonder that the employment minister preferred to focus on the increase in job vacancies.

## German regulation

*The Bonn Finance Ministry* was surely right to assert yesterday that Germany's regional stock markets can compete internationally only if they are regulated from the centre. The requirements of the European single market and the need to attract capital to finance unification both mean that the outside world can no longer be ignored. Whatever happens to the detail of yesterday's reform proposals, the power of the Länder is waning inexorably. *More important*, the same could also be true for the banks.

The ministry may not have *offered* much to satisfy international investors over the flagrant if perfectly legal discrimination against minority *shareholders* in cases such as the Krupp takeover of Hoesch. But it is proposing a tighter and much more interventionist *regulatory* regime than that operated by the Länder, who have allowed the banks considerable leeway in setting standards *of market practice*.

Worse still for the banks is the proposed creation of money market funds, long opposed by the Bundesbank *on the* grounds *that* it would weaken its control over the money supply. The banks' concern is more prosaic *but nonetheless* real. They *fear* it would push up the cost of their liabilities in a market where they are already having to cope with the new attractions of commercial paper.

## TSB

The unflattering reason for the 5 per cent surge in TSB shares yesterday was that its £47m pre-tax loss could have been worse. That is scarcely grounds for the market to revise its view about the bank's long-term future. Admittedly, the retail bank has *had a good year*, as has the insurance business. But much of this must be due to a squeeze on costs which may not have much further to run, while there must also be a limit on how much insurance the bank can sell to its existing customers. As for Hill Samuel, the loan book may now have been cleaned up at the expense of £432m in provisions. But its profit before provisions was only £13m, hardly an appetising return on £750m of capital.

In the current year the bank should have no difficulty returning to profit, if only because the provisions should shrink. The dividend payment should be easily covered, which may justify the decision to dip into reserves this time. The more difficult question is where growth is coming from once the bad debts are out of the way. For a bank as well capitalised as TSB, the natural answer might be through acquisition. It would take astonishing courage to revert to a route which has proved so disastrous in the past.

FINANCIAL TIMES
# COMPANIES & MARKETS
Friday January 17 1992





## INSIDE

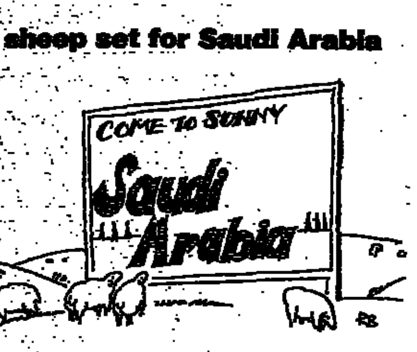
### Contrast in US banking results

Bank of America reported annual net profits of more than $1bn for the third year running, while Security Pacific expects to report a $400m fourth quarter deficit that will result in a full year loss of $765m. The two banks are planning a $4.2bn merger – the biggest in US history – but the figures suggest that the deal is in many respects a rescue of the latter by Bank of America. Page 17

### Siemens profits rise 6%

Siemens, the German electrical and electronics group, yesterday reported a 6 per cent rise in first-quarter net profits to DM398m ($249m) and said earnings for the financial year to September 30, 1992, would be around DM2bn. Page 18

### NZ sheep set for Saudi Arabia




New Zealand appears poised to increase its profitable live sheep trade with Saudi Arabia following successful talks on health regulations with the Saudi government. New Zealand sent 1.6m live sheep to Saudi Arabia last year and exports are likely to increase this year. Page 22

### A trio of high-fliers

Over the past five months Euro Disney's shares have outperformed the French market by about 20 per cent. Investors might also want to look at PolyGram, the London-based music company whose shares are traded in Amsterdam and New York. The proposed acquisition of Wagons-Lits, the Belgian tourism and travel group, by the French hotel group Accor, may lead to a substantial restructuring. Mike Skapinker looks at all three. Back Page

### Treuhand to sell refinery

The Treuhand German privatisation agency, is to sell east Germany's Minol filling station company and the Leuna refinery to a French-German consortium of Elf-Aquitaine, Thyssen and SB Kauf. The consortium plans to invest DM5bn ($3bn) to build Europe's most modern refinery at Leuna. Page 16

### Agnellis pressed on Perrier bid

Italy's Agnelli family came under pressure to launch a direct bid for Perrier, the French mineral water group, when the stock exchange authorities refused exemption from the obligation to launch an offer. Page 16

### TVS offers studio stake

TVS Entertainment, the UK television company, has reached a conditional agreement to sell its 50 per cent interest in the Los Angeles-based CBS/MTM studios to the Walt Disney company for $27m in cash. Page 20

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### Chief price changes yesterday

| FRANKFURT (DM) | | | | PARIS (FFr) | | | |
|---|---|---|---|---|---|---|---|
| Rises | | | | Rises | | | |
| Asko | 850 | + | 18 | Cetelem | 721 | + | 16 |
| Horsch | 242 | + | 7.5 | Hachette | 157.9 | + | 10.4 |
| Metallges | 423 | + | 15.5 | Imetal | 280 | + | 11.9 |
| Muench Rueck | 2675 | + | 125 | Falls | | | |
| PWA | 233.5 | + | 9.5 | Pollet | 430 | − | 17.5 |
| Falls | | | | SILIC | 552 | − | 54 |
| Sud Chemie | 570 | − | 10 | Union Immob | 487 | − | 22 |

| NEW YORK ($) | | | | TOKYO (Yen) | | | |
|---|---|---|---|---|---|---|---|
| Rises | | | | Rises | | | |
| Bethlehem | 16⅝ | + | 1⅞ | Ahresty | 1390 | + | 120 |
| Chesapeake | 27⅝ | + | 2⅝ | Sumitomo Elec | 880 | + | 60 |
| USX Steel | 28¾ | + | 2 | Falls | | | |
| Falls | | | | Clarion | 830 | − | 100 |
| Merck | 151½ | − | 2⅞ | Nihon Noh | 1150 | − | 130 |
| Pfizer | 76½ | − | 2⅞ | Takara | 1700 | − | 180 |
| Schering | 61¼ | − | 3 | Tokuyama | 1080 | − | 180 |

New York prices at 12.30pm.

| LONDON (Pence) | | | | | | | |
|---|---|---|---|---|---|---|---|
| Rises | | | | Royal Insce | 252 | + | 11 |
| Abbey Natl | 295 | + | 11 | Scottish TV | 648 | + | 23 |
| Airtours | 878 | + | 25 | Storehouse | 378 | + | 15 |
| Barratt Devs | 47 | + | 3½ | TSB | 128 | + | 8 |
| British Steel | 77 | + | 7 | Victaulic | 724 | + | 27 |
| Eurotunnel Uts | 479 | + | 21 | Falls | | | |
| FKI | 57 | + | 5 | Glaxo | 866 | − | 50 |
| First Nat Fin | 50 | + | 6 | Redwood Fds | 134 | − | 6 |
| French (Thos) | 54 | + | 6 | Jacques Vert | 95 | − | 5 |
| Greycoat | 58 | + | 15 | Real Time Ctrl | 88 | − | 6 |
| Hardys Hansons | 1215 | + | 55 | SmKl Beecham A | | | |
| Lucas Inds | 118 | + | 8 | | 923 | − | 40 |
| P & O Defd | 453 | + | 21 | | | | |
| Redland | 458 | + | 20 | | | | |

# Swiss companies bought Maxwell shares

By Bronwen Maddox, Ian Rodger and Robert Peston

INVESTIGATORS believe that vital information on Mr Robert Maxwell's alleged illegal attempts to support the Maxwell Communication Corporation share price is held by Dr Werner Rechsteiner, a Zurich-based lawyer, who is administrative president of a secretive Swiss holding company.

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Andersen believes that £150m of the £1bn was channelled by Mr Maxwell to offshore vehicles in the spring and summer of 1991 to buy MCC shares.

Speaking from his office in a smart residential district overlooking Zurich, Dr Rechsteiner said he did not think Yakosa had anything to hide but could not indicate if Mr Maxwell was a client without getting approval from the client or an order from the Swiss authorities to waive the lawyer-client privilege.

He added however that he wanted to be helpful as he thought "what had happened" since Mr Maxwell's death was terrible. He said that he has told Arthur Anderson that as soon as lawyer-client privilege is lifted, he is prepared to co-operate fully.

Yakosa, registered in Chur, Switzerland, and Servex AG, registered in Zug, are believed to have bought 20m-25m shares in MCC in the last week of April – immediately after MCC's profit warning on April 24 and just ahead of the publication of the prospectus for the MGN flotation.

During March and April, MCC shares rose from 150p to 240p.

# TSB losses hit £47m on Hill Samuel debt charge

By Robert Peston in London

TSB Group yesterday announced a £47m ($82.7m) loss for the year to October 31, foreshadowing a series of results from UK banks which are likely to show their worst domestic performance since they started to disclose figures almost 20 years ago.

Sir Nicholas Goodison, TSB chairman, said that "the economy has been the roughest in living memory for the banks". TSB's poor result stems from a charge of £654m, which it has made to cover the risk of losses on bad and doubtful debts. In 1990, TSB made a pre-tax profit of £312m.

However, the peak of TSB's losses was in the first six months of 1991 when it made an overall loss of £150m, mainly because of disastrous figures from Hill Samuel, its corporate banking division. The group returned to profit of £103m in the second half.

Sir Nicholas also disclosed that the group has recruited a new finance director, Mr John Burns, finance director of National Westminster Bank, to replace Mr Dolf Mootham.

Mr Don McCrickard, TSB chief executive, said that last April Mr Mootham had told the board he wanted to retire. In September, after talking to the Bank of England, Mr McCrickard came to an arrangement with Mr Tom Frost, NatWest's chief executive, that Mr Burns would move across, but that he would not join until NatWest had found a replacement. NatWest said yesterday that it has appointed Mr Richard Goeltz, currently executive vice-president of Seagram, the North American drinks company.

In spite of the losses, TSB is holding its dividend at 6.4p. It made a per share loss of 3.5p, compared with the previous year's earnings of 13.4p. Its share price rose from 120p to 128p.

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# Fresh horrors on the high street

**Robert Peston** looks at the impact of Hill Samuel's full-year losses of £409m on TSB

Don McCrickard, chief executive of TSB Group, held court yesterday in a dark and gloomy neo-Gothic hall in the City of London, reminiscent of a Hammer Horror film set.

The horrors were provided by the bank's results for the year to 31 October. TSB has the dubious honour of being the first big UK bank to make significant losses in a full year accounting period because of problems in its domestic market. Hitherto, the banking sector's losses have stemmed from ill-judged loans to less developed countries.

The story which Mr McCrickard unfolded was a version of Jekyll and Hyde. The attractive face of TSB, its retail services division – providing insurance and banking products to individuals – made a profit before tax and central costs of £413m ($726m), a rise of 17 per cent. However, this contribution was almost exactly matched by the £409m loss of Hill Samuel, the former merchant bank which is now responsible for all of TSB's lending to companies.

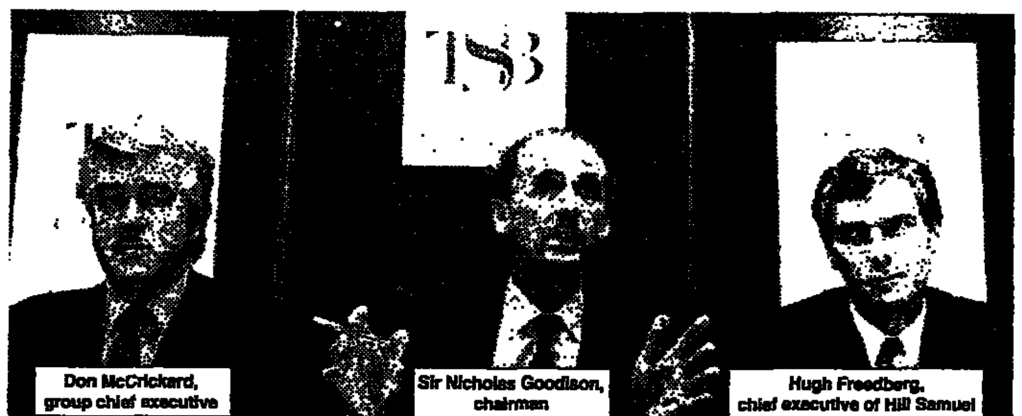
Hill Samuel was forced to make a charge – or provision – of £432m to cover the risk of losses on its loans of £4.8bn. The ratio of this charge to the loans is 9 per cent, which is high.

If the English clearing banks suffered losses on that scale, they would soon be out of business. But TSB has significantly more capital than its rivals – as a proportion of assets, almost twice as much – so it can absorb relatively higher losses.

Further analysis of the results provides even greater cause for concern about the quality of Hill Samuel's loan book. Hill Samuel has classified £880m of loans as "non-performing".

Mr Dolf Mootham, the finance director who is soon to retire, said: "When an account is wobbly, we classify a loan as non-performing and stop taking interest on the loan through our profit and loss account – though the borrower may in fact still be paying interest."

However, Hill Samuel has made no provisions against these loans of doubtful quality.




Don McCrickard, group chief executive | Sir Nicholas Goodison, chairman | Hugh Freedberg, chief executive of Hill Samuel

| | TSB Group | | Hill Samuel Bank | |
|---|---|---|---|---|
| | Pre-tax profit/loss | Bad debt charge | Pre-tax profit/loss | Bad debt charge |
| 1987 | £275.5m | £55m | n.a. | n.a. |
| 1988 | £420.1m | £45m | n.a. | n.a. |
| 1989 | £155.0m | £92m | £61m | £25m |
| 1990 | £312.0m | £261m | -£40m | £157m |
| 1991 | -£47.0m | £654m | -£419m | £432m |

Year end 31st Oct

Mr McCrickard stressed that Hill Samuel was involved in very few of the biggest corporate collapses of the past year. It did make provisions of more than £60m to cover the risk of losses on around £100m of loans to Brent Walker, the troubled leisure group, whose balance sheet is being reconstructed.

But Hill Samuel's exposure to the late Mr Robert Maxwell's private companies and to Maxwell Communication Corporation – which are in administration under UK insolvency legislation – is "de minimis", he added. Two years ago, Hill Samuel had more than £80m of loans to these Maxwell interests, but this has been reduced to between £1m and £5m, far less than the English clearing banks.

The damage to Hill Samuel has been done by its loans to small and medium-size businesses. The total provision can be analysed as follows:

- £129m is the aggregate of individual charges of less than £1m;
- £150m represents individual charges to 70 companies of between £1m and £5m;
- £153m is the sum of charges, each in excess of £5m, to 14 companies.

Because so many of Hill Samuel's corporate customers are in difficulties, it is little wonder that Sir Nicholas Goodison, TSB's chairman, said that the current recession has been the worst ever for the UK banks. However, TSB cannot simply blame economic conditions. It must bear much of the responsibility for the scale of the losses.

In the 18 months after it bought Hill Samuel in November 1987, it expanded its loan book by £3bn or 66 per cent, which is a rapid rate by normal banking standards. It is not at all surprising therefore that there was a deterioration in the standards used to assess potential borrowers.

Mr McCrickard blamed Hill Samuel's previous management, which has now been replaced. "The old management ... could not cope with the bigger business." However, as a senior director of TSB at the time, Mr McCrickard must take some of the responsibility for allowing the rapid loan growth and for approving some of the bigger loans.

Hill Samuel can at least take some comfort from the bad debt trend during the year. It made the bulk of its provisions in the first half and made a pre-tax loss of just £90m in the latter six months. Nonetheless Mr Hugh Freedberg, chief executive of Hill Samuel, said that there had been no improvement in the rate at which borrowers have been getting into difficulty since the end of the year.

If TSB's attempt to become a bank for companies has been little short of disastrous, its core activity, which serves 7m personal customers through 1,400 branches, has been modernised successfully, having been created out of a series of dowdy regional savings banks.

It has the most successful life insurance operation of any bank, as measured by the rate at which it sells policies to its own customers. According to its market research, TSB is responsible for 40 per cent of all its customers' purchases of life insurance and is now the UK's sixth-biggest life and pensions company.

Its insurance operations made a profit before tax and central costs of £118m, a rise of 19 per cent on an annualised basis. Meanwhile, TSB's retail bank contributed profits of £295m, up 13 per cent.

Peter Ellwood, the chief executive of the insurance and retail services, has over the past two years reversed a worrying trend of rising costs. In 1991, there was no increase in the retail bank's staff costs. Total overheads rose just 2 per cent.

As a result, the retail bank's ratio of costs to income – a key measure of its efficiency – fell from 65.8 per cent at the end of last year to 59.4 per cent.

However, Mr Ellwood admitted that the scope for further reduction in costs is limited. He added that 1992 was going to be "a tough year".

The group as a whole should return to profit in 1992, the directors all concur. Outside analysts expect around £200m before tax, though Hill Samuel will probably remain in losses.

Sir Nicholas stresses "management's confidence" in Hill Samuel's future. He will know – from any of Hammer's great B-Movie shockers – that his own livelihood is at stake if the ghoul is not tamed.

# Property problems increase losses at NatWest Bancorp

By Alan Friedman in New York

NATIONAL Westminster Bancorp, the wholly-owned US subsidiary of Britain's National Westminster Bank, yesterday revealed a $371.5m loss for 1991, up from $352m in 1990.

The 1991 loss, struck after $567.7m of loan write-offs and $689.5m of bad debt provisions, was in large part the result of property problems caused by NatWest's high lending to New York developers in the late 1980s.

Mr John Tugwell, the NatWest main board member who took charge of the New York subsidiary last April in the wake of huge property loan losses, yesterday said the fourth-quarter loss of $29.8m was significantly lower than losses earlier in the year. He said the US bank is now trading profitably and will be in the black in its first quarter.

He also noted that operating expenses last year were only slightly higher ($790.8m compared with $746m) and the $88m bad debt provisions in the fourth quarter were below the $292.6m of the last quarter of 1990.

Mr Tugwell acknowledged that the $859.5m of cumulative losses since 1989 were high. But he argued that "the pain has been taken and there is a silver lining in that all thoses losses are tax credits which will mean we won't pay any tax for some time".

NatWest injected $450m into its troubled US operation last year as loan loss problems mounted. Mr Tugwell stressed that non-performing loans at year-end totalled $1.15bn, down from $1.3bn at the end of last September. That means 8.16 per cent of the bank's total loan book is non-performing. About 50 per cent of the non-performing loans is in property. This means some 30.6 per cent of NatWest Bancorp's total property loan book of $1.8bn is now non-performing.

Mr Tugwell stressed that the bank's core capital-to-assets ratio of 6.33 per cent is strong compared with most US banks and claimed the ability to improve operating profits while absorbing the impact of property problems shows the bank's strength. Net interest income in 1991 was $706.8m, down from $737.5m in 1990. Non-interest income rose to $283.9m from $243.6m.

# Nokia appoints new president

By Robert Taylor in Stockholm

NOKIA, the leading Finnish technology group, has appointed Mr Jorma Ollila, the 41-year-old head of the company's mobile phones division, as president, to be effective immediately.

He will also become chief executive and chairman on June 1 this year when Mr Simo Vuorilehto, aged 61, retires from those positions. By combining the two senior positions, Nokia will ensure Mr Ollila becomes a powerful head of the company.

Mr Ollila, who has run Nokia's mobile phone division for the past two years, is seen as a surprising choice.

The decision has precipitated the resignation of 42-year-old Mr Kalle Isokallio, who as the company's chief operating officer and president since January 1990 had been widely tipped to take the top job.

However, the board has been impressed by Mr Ollila's ability in transforming the performance of Nokia's mobile phones division, which accounts for about 17 per cent of company sales. The division has turned into the one positive business area for Nokia, which will make a financial loss this year.

While other divisions saw declining sales in the first eight months, mobile phones enjoyed 20 per cent growth and a 50 per cent expansion in output.

When Mr Ollila was put in charge of the mobile phones business in February 1990, it was making an operating loss but in his first year he increased Nokia's net mobile phone sales by 33 per cent to FM2.3bn ($537.8m) and expanded its production capacity by 65 per cent from its 1989 level.

Early last year Nokia acquired Technophone of the UK for £34m ($59.9m) in a deal which turned Nokia into the world's second-largest cellular telephone manufacturer after Motorola of the US.

Last summer, Mr Ollila reached a FM400m agreement with Microtel Communications of the UK to supply infrastructure and hand-portable telephones for a personal communications network in Britain.

Nokia's new president has only been with the company since 1985 when appointed vice-president of its international operations and then spent three years as the company's finance officer.

Before joining Nokia he was employed by Citibank as an account manager in London for two years.

Mr Ollila is a trained engineer with economics degrees from the London School of Economics and Helsinki University.

His financing and marketing expertise, combined with his proven track record with mobile phones, convinced the board that he is the one who will revive the company's fortunes in the 1990s.

## INTERNATIONAL COMPANIES AND FINANCE

# Siemens ahead 6% in first quarter

**By Andrew Fisher in Munich**

SIEMENS, the German electrical and electronics group, yesterday reported a 6 per cent rise in first-quarter net profits to DM398m ($249m) and indicated that earnings for the year ending September 1992 would be around DM2bn.

It said profits on industrial activities would improve this year after a 30 per cent fall in 1990-91, mainly caused by heavy losses on computers through its acquisition of Nixdorf and on semi-conductors.

Siemens' profits growth last year stemmed from the doubling of its financial income to around DM2bn. Mr Karl-Hermann Baumann, the finance director, said this mainly comprised interest on its large cash and securities holdings, with Siemens also benefiting from lower write-downs to reflect the value of its DM15bn of securities.

This year, Mr Baumann expected financial profits to decline slightly. Last year's jump propelled group pre-tax profits 21 per cent ahead to DM3.4bn. Because of higher taxes, net profits were only 7 per cent higher at DM1.8bn. Computer activities produced a net loss of DM781m, which Siemens expects to be reduced sharply this year. It is also striving to reduce the much increased semi-conductor losses of some DM500m.

Last year's net profit was a return on turnover of 2.5 per cent, and Mr Heinrich von Pierer, deputy chief executive and chief executive-designate, said Siemens hoped to maintain the rate of return in 1991-92.

This yield would produce net profits of about DM2bn, based on his forecast that turnover should rise by 10 per cent to just over DM80bn. He also expected new orders to grow by 5 per cent to DM86bn, a sharp slowdown from last year's 21 per cent increase.

The consolidation of new businesses accounted for 9 per cent of the inflow, the rest mainly reflecting heavy demand for infrastructure-related products in the energy, transport, and telecommunications fields. New orders in east Germany totalled DM3.3bn.

In the first quarter of this year, the new order inflow eased by 1 per cent to DM30.1bn, with a 4 per cent rise at home and a 5 per cent fall abroad.

Mr von Pierer said the economic slowdown in important markets such as the US and parts of western Europe would be reflected in the order books.

## Minol sold to Franco-German consortium

**By Leslie Colitt in Berlin**

THE Treuhand German privatisation agency, in one of its biggest deals, is to sell eastern Germany's Minol filling station company and the Leuna refinery to a French-German consortium of Elf-Aquitaine, Thyssen and SB Kauf.

The consortium plans to invest DM5bn ($3.1bn) to build Europe's most modern refinery at Leuna with a capacity of between 10m and 12.5m tons as well as a new pipeline linking it to a Baltic port. It will also modernise Minol's more than 900 filling stations.

Elf, France's largest company and partly state-owned, is to take a majority stake in both Minol and the refinery.

British Petroleum, heading a consortium of Total, Statoil, Agip and OMV, was the other main bidder.

Mr Wolf Schöde, the Treuhand spokesman, hailed the decision as a milestone toward rescuing the antiquated east German chemicals industry. The Treuhand's managing board is expected to approve the recommendation, and a final contract is to be signed next June.

Mr Schöde said the sale would save more than 7,000 jobs in the east German chemicals industry by making the loss-making Leuna chemical site attractive for western investors.

The winning consortium agreed to provide the Leuna chemical plant with competitively-priced feedstock and to accept as partners in the refinery other investors in the petro-chemicals site.

Originally, the Treuhand wanted to sell Minol, which is highly profitable, individually, but then decided to add it as a sweetener to the obsolescent, loss-making Leuna refinery.

Minol is to be kept as an independent brand and is also to be introduced into west Germany. The German Cartel Office approved the sale on condition that a fixed number of Minol's filling stations be sold to medium-sized operators. The present Leuna refinery, with a capacity of 7m tons, is inter-connected with the chemicals plant which had sales of DM2.1bn last year and losses of DM360m.

# Perrier pressure on Agnellis

**By William Dawkins in Paris**

ITALY'S Agnelli family yesterday came under pressure to launch a direct bid for Perrier, the French mineral water group, when the stock exchange authorities refused exemption from the obligation to launch an offer.

Ifint, an Agnelli holding company, last month launched a FFr5.6bn ($1.03bn) offer for Exor, the holding company which controls Perrier. The Exor offer has been cleared by the stock exchange and expires on January 24.

Having to bid for Perrier as well would be a costly setback, though officials pointed out yesterday that the various stock exchange authorities involved have not come to a final decision.

Exor and its allies, Société Générale, the privatised bank and Saint-Louis, a paper and packaging company, have together held 49.32 per cent of Perrier's voting shares since Saint Louis earlier this month bought a 13.8 per cent stake in the mineral water group.

They asked the Conseil des Bourses de Valeurs (CBV), the regulatory authority, to release them from the obligation to bid for Perrier on the grounds that it had already been controlled by Exor for several years.

However, the CBV refused their request on the grounds that it did not have enough information on the conditions under which Saint Louis bought a stake in Perrier, a transaction which is now being examined by the Commission des Opérations de Bourse (COB), the stock market watchdog.

The Agnellis' advisers are understood to believe it is unlikely that Exor will in the end be forced to make a full bid for Perrier.

The Saint Louis deal tightened the Agnellis' control over the mineral water group, incidentally staving off a planned counter-bid from Nestlé, the Swiss food multinational. The CBV said it could not could not give exemption "without knowing whether the normal market rules were allowed to come into play," during the Saint Louis purchase of Perrier shares.

A COB spokeswoman could not comment on the precise subject of the inquiry, which she said would be completed as soon as possible.

# Uni-Storebrand in NKr1bn charge

**By Karen Fossli in Oslo**

UNI STOREBRAND, Norway's largest insurance group, will suffer large share portfolio losses and take other non-related charges against 1991 accounts totalling more than NKr1bn ($156m).

The company said that by the end of 1991 its share portfolio had run up losses of NKr940m following negative developments on the Oslo bourse in the third quarter.

Uni Storebrand also said a NKr150m charge is to be made against 1991 accounts to cover losses on motor underwriting.

In 1990, Uni Storebrand made a net profit of NKr403m and suffered a loss on its share portfolio of NKr373m. Last autumn, the group paid NKr4.2bn to acquire a 25 per cent stake in Skandia, Sweden's biggest insurer.

The company stressed that a large part of its share portfolio losses are due to its position as a leading shareholder in loss-making Den norske Bank (DnB) and Christiania Bank, Norway's two biggest banks.

They were rescued from insolvency last autumn by the state which injected NKr11.5bn into the banking system.

"These shareholdings reduced investment income in 1991 by around NKr230m in the group's non-life company and by NKr320m in the life assurance company," Uni Storebrand explained.

Christiania Bank, Norway's second biggest bank, was taken over by the state last October, after which the bank was forced to write down its shares to zero.

Uni Storebrand held 3m shares in Christiania Bank and 2.5m in DnB, which holdings have since been slightly reduced.

# IRI poised to take over state's ASST

**By Haig Simonian in Milan**

IRI, the Italian state holding company, was yesterday poised to gain parliamentary approval to take over ASST, the government department which runs Italy's trunk inter-urban phone service and some international links.

The reform follows the government's recent approval for a new "price cap" structure for SIP, Italy's main telephone utility, which is part of the IRI group. The "price cap" will allow SIP to raise call charges and equipment rentals automatically each year, subject to certain performance criteria.

Together, the two steps should enable SIP, which reported a 54 per cent rise in last year's first-half operating profits to L604.5bn ($506m), to raise earnings further.

Yesterday's parliamentary debate marks a major step in the realignment of Italian telecommunications. Under the new law, ASST is likely to be transfered to STET, the IRI-owned holding company which controls much of the country's telecommunications services.

In time, the functions of ASST, which is currently part of the post ministry, will be handed over to SIP. The division of responsibilities between the two, and internal rivalries, have been among the biggest handicaps to a more efficient telephone service in Italy.

The new law also provides guarantees for ASST's 18,000 workers, who will theoretically lose their jobs-for-life guarantee as civil servants should they accept the transfer to IRI.





# Adidas chief executive to quit at end of the year

**By Andrew Fisher**

MR René Jäggi, who became chief executive of Adidas, the German sports shoe and clothing equipment group, four years ago, has decided not to stay on when his contract expires at the end of this year.

He gave personal reasons for the decision, which comes as the company – controlled by Mr Bernard Tapie, the French financier – is earning increased profits. Yesterday, it reported a 3 per cent rise in sales to DM3.4bn ($2.1bn) last year.

Total brand sales, including licence revenues, were DM4.7bn; in 1990, the figure was DM4.8bn, but the Le Coq Sportif, Arena, and Pony brands, which accounted for DM330m, have since been sold.

Mr Hans Friderichs, the head of Adidas's supervisory board, regretted Mr Jäggi's decision to leave. Under Mr Jäggi's direction, he said, "the group has been put back on track and in the last two years the company again earned profits".

Since Mr Tapie and Mr Jäggi both have strong personalities, it is thought there may have been differences of opinion over the running of the company; Mr Jäggi also wanted employees to be offered a stake in Adidas.

The company gave no profit indications, but has forecast that pre-tax income would rise by around 50 per cent to DM60m, with a further gain in 1992.

# Safra group net earnings advance 18% to $85.4m

**By Ian Rodger in Zurich**

GROUP net earnings of Safra Republic Holdings, the holding company for the European private banking group headed by Mr Edmond Safra, jumped 18 per cent last year to $84.5m, or $4.75 per share.

The group said net interest income rose 19 per cent to $149.8m due to improved margins and growth in interest-earning assets. Foreign exchange revenues and commission income also advanced.

Total assets at December 31 were $9.1bn, compared with $8.2bn a year earlier. Client deposits rose to $6.1bn from $5.7bn and client portfolio assets jumped to $2.2bn from $1.5bn. The group operates banks active in international private and commercial banking under the Republic National name in Geneva, Luxembourg, France, Guernsey and Gibraltar.

Provisions for loan losses more than doubled to $19m from $7.7m in the previous year. Loans represent 14.5 per cent of total assets, with the remainder invested primarily in deposits with leading international banks and highly rated bonds. Non-performing loans were $15.3m at the year-end.

Book value per share stood at $61.77 at December 31, compared with $58.44 a year earlier. Shareholders' equity rose to $1.09bn from $1.04bn, with approximately $10m of the increase arising from the currency gain on the increase in the value of the company's Swiss franc net investment in Republic National Bank of New York (Suisse).

# Fisons comes in for criticism from FDA

**By Daniel Green in London**

FISONS' most promising product has been strongly criticised by US Food and Drug Administration (FDA), casting a shadow over the prospects for profits growth at the UK drug company.

The FDA controls which products are sold in the $60bn-a-year US drugs market.

Documents released under the Freedom of Information Act show that UK production of Tilade, an asthma drug whose sales were once forecast by analysts to reach £500m ($895m) a year by 1992, has been breaking US regulatory rules.

The FDA said that Tilade's production methods "do not conform to NDAs [new drug application regulations]". It criticised the leakage of Tilade dispensers, and that its testing during production was not accurate enough.

The report also listed inadequacies in quality control with another asthma drug, Intal, as well as Opticrom, an eye treatment, and Imferon, an iron treatment.

Fisons said yesterday: "Tilade production issues raised by the FDA have been answered satisfactorily." It hopes to get US approval within months.

Tilade is intended to replace Intal, another asthma drug which has been the mainstay of Fisons' profits growth since the 1970s.

However, Tilade has failed to secure US approval despite statements from Fisons several times over the past 18 months that approval was imminent.

Tilade is available in several countries, including the UK, but revenues in 1992 will probably be less than £50m.

In addition, the FDA has told Fisons that it might be breaking US law if the drug were shipped to the US without changing the production process.

A warning also came after an inspection at the same UKplant, in Holmes Chapel, Cheshire, in 1990.

The criticisms of Tilade production have come to light just two days after the resignation of Mr John Kerridge, Fisons' long-standing chairman and chief executive, on grounds of ill-health.

His sickness had probably been exacerbated by controversy surrounding the company over the last four months, according to Mr Patrick Egan, his temporary replacement at Fisons.

Fisons' shares have lost a third of their value since the summer, and the company issued a profits warning in December.

Mr Egan said this week that Fisons had been "naive" and had possibly indulged in "wishful thinking" over the FDA.

Mr Kerridge said in September 1990 Tilade approval in the US was "in the very final phase". In March 1991, he said that approval was "just around the corner".

# Alcatel to stop producing fax machines

**By William Dawkins in Paris**

ALCATEL, the leading French telecommunications equipment group, is to stop making its own facsimile machines within the next six months and move to selling other producers' equipment under its own label.

The move, by France's largest producer of fax machines, marks the final abandonment of the government's hopes for nurturing a domestic fax-making industry, embodied in an unsuccessful 1979 plan to promote a cheap machine.

It comes in response to falling prices and margins and intense Japanese competition, said the group, which added that it would continue to be "on the offensive" as a distributor.

Alcatel's own machines last year accounted for 18.6 per cent of the French market, rising to 27.8 per cent – a total of 62,000 units – counting in machines made by Alcatel for sale under other suppliers' labels, such as France Télécom, the telecommunications operator.

Fax machine production will be moved gradually over to other producers, led by Hewlett-Packard, the US computer group, and Sagem, a French telecommunications equipment producer, who will make machines to Alcatel's specifications and under its label.

● SNCF, the French state railway, expects profits in 1991 to be stable compared with 1990 on a slightly higher turnover of about FFr53.6bn ($9.92bn), Reuter reports from Paris.

A spokesman said the profit figure had not been determined, but that it would be between break-even and 1990's FFr17m.

# Digital Equipment's $130m loss heavier than market expected

**By Louise Kehoe in San Francisco**

DIGITAL Equipment, the computer manufacturer, has incurred a larger-than-expected second-quarter loss and is to accelerate plans to consolidate operations and cut its work-force.

Net losses for the quarter were $138m, or $1.11 a share, against net income of $111m, or 92 cents, in last year's second quarter.

Analysts had expected losses of between 30 cents and 60 cents a share.

Revenues for the quarter rose slightly to $3.48bn, from $3.35bn a year ago.

Digital's stock plunged on the results to trade at $53⅞ in mid-session, down from $59 overnight.

Kenneth Olsen: 'We had to adjust pricing'

"In a competitive world where most customers are cutting back on capital expenditures, we did not see any growth in product sales and we had to adjust pricing," said Mr Kenneth Olsen, Digital president.

Equipment sales were flat, although the software and services business continued to grow, he said.

Digital had forecast an operating loss for the quarter, saying last month that recessions in the US and Europe had hit sales of its highest performance computers particularly hard.

For the fiscal year ended last June, Digital reported its first annual loss of $617m after taking heavy restructuring charges to cover the cost of thousands of layoffs.

Digital is to accelerate efforts to restore profitability, through cost-containment measures and by seeking new opportunities for revenue growth by expanding markets and distribution channels, said Mr Smith.

Digital had announced plans to cut its workforce by 10,000 this year, but may now make deeper cuts. It employs about 119,500 worldwide.

For the half-year, the net loss was $109.7m, or 88 cents, against net income of $137.3m, or $1.12, a year earlier. Revenues were $6.8bn against $6.4bn.

# Bear Stearns surges 400%

THE DRAMATIC improvement in Wall Street's fortunes in the past year was reflected yesterday in the latest figures from Bear Stearns, the New York securities house, which announced a 400 per cent increase in fiscal second quarter profits to $77.4m, writes Patrick Harverson in New York.

The huge rise in quarterly profits, earned on revenues of $479m, up from $247m in the second quarter of 1990, was achieved on the back of buoyant equity markets and intense activity in the corporate stock and bond issue business.

The most impressive performance came from Bear Stearns' investment banking division, which, thanks to a sharp jump in earnings from the underwriting of equity and fixed-income issues, reported a 330 per cent increase in profits to $98m.

Income from principal trading was also significantly higher compared to a year ago. Profits from trading mortgage-backed securities, Treasuries, corporate bonds and securities in the high-yield and bankruptcy sectors more than doubled to $238m.

Commission fees were also up, rising 34 per cent to $98m on the back of increased investor confidence in financial markets and strong results from Bear Stearns' customer clearing business.

Expenses also rose in the quarter, climbing from $221m a year ago to $348m, due primarily to a big increase in performance-related employee compensation and benefits.

# General Motors to pull out of car production in Korea

**By Kevin Done, Motor Industry Correspondent**

GENERAL Motors of the US, the world's biggest vehicle-maker, is planning to withdraw from car production in South Korea with the sale of its 50 per cent stake in the troubled Daewoo Motor.

GM said yesterday it was "exploring the possibility" of selling its stake to the Daewoo Group, holder of the remaining equity in Daewoo Motor.

The disposal is a severe set-back to GM's plans for expansion in the Asia-Pacific region.

South Korea is expected to be one of the world's fastest-growing car markets in the 1990s, but GM has decided to pull out of car-making in the country in the face of its prolonged conflict with the Daewoo Group over the management of Daewoo Motor.

GM said it would maintain its presence in Korea through a number of automotive components joint ventures, which would also continue to supply Daewoo Motor.

The disposal of the 50 per cent stake in Daewoo Motor was subject to the negotiation of an "acceptable" price and other terms, it said.

Earlier this week, GM announced that it had agreed to enter its first vehicle production venture in China, where is it planning to assemble light commercial vehicles.

# Continental Bank in red after good quarter

**By Alan Friedman in New York**

CONTINENTAL BANK, the Chicago-based group which had to be rescued by federal authorities eight years ago, yesterday reported a $76m loss for 1991 despite a return to the black in the fourth quarter of the year. Net income for the whole of 1990 was $75m.

The bank's $50m net profit in the last quarter came after $126m of losses in the first nine months. Mr Tom Theobald, chairman, called the last quarter result "a promising finish to a year in which we completed our restructuring".

Continental said its bad debt provisions were $222m higher in 1991, at $340m. In the fourth quarter, these provisions amounted to $30m, down from $48m in the last quarter of 1990. Net loan write-offs in the whole of 1991 totalled $223m, compared with $87m in 1990.

Non-performing loans at year-end increased by 7 per cent on the 12-month period to $733m, but they were 19 per cent down on the September 30 level. At year-end, non-performing loans represented 5.28 per cent of Continental's total loan book.

Continental has cut its work-force from around 10,000 in 1987 to just over 5,000. The bank has focused increasingly on corporate business.

# JC Penney to report deficit for the year

**By Nikki Tait in New York**

J. C. Penney, the Dallas-based department and drugstore group which ranks fourth largest retailer in the US, announced yesterday it would report fourth-quarter and full-year losses in the 12 months to January 25 after taking a one-off $695m charge before tax.

The charge covers items ranging from a $200m write-down on Penney's property portfolio to a non-cash charge for future post-retirement healthcare costs.

The company, which made after-tax profits of $227m in the first nine months of the year, a drop of almost 39 per cent, saw its share move $⅜ higher to $54⅞ on the news.

The largest element in the aggregate charge, $300m, covers the provision for future healthcare costs. This is required by a change in US accounting standards. A further $200m stems from the decline in property values. The value of the portfolio after the write-down is some $3.4bn.

"Significant declines in the real estate market nationwide and the unlikelihood that there will be a return to formerly high values have prompted us to re-evaluate our retail estate portfolio," said Mr William Howell, Penney's chairman.

The rest of the charge stems from cost-cutting measures, said to save $160m a year before tax, goodwill write-offs and bowing out of some "experimental" businesses.

Penney said it had been hit by weak consumer spending, pressure on margins and declining sales on a same number of stores basis.

# Carolco reprieved by finance deal worth $55m

By Alan Friedman

CAROLCO Pictures, the troubled independent Hollywood film studio, said yesterday it had secured $45m of financing and a deferral on $10m of debts from US and foreign lenders. The funds will allow it to continue operating.

Carolco, best known for Terminator 2, the Arnold Schwarzenegger blockbuster, is caught in a financial squeeze along with other independent film companies. Orion Pictures, the bigger independent, recently filed for protection from creditors under Chapter 11 of US bankruptcy law.

Carolco's problems have been mounting since last summer. In November it ended talks aimed at acquiring a 46 per cent shareholding in Live Entertainment, a home video supplier majority-controlled by Carolco. In December, Carolco cut its staff of 200 by 25 per cent.

For much of last year the company was in technical default on $172m of bank loans. In the third quarter it suffered a $43.7m loss. At the year-end, Mr Peter Hoffman, chief executive, said he would leave the company following what analysts described as internal management conflicts.

The $45m financial package was approved by Carolco's foreign minority shareholders – Pioneer of Japan, Rizzoli of Italy and Canal Plus of France.

It consists of a $32m loan secured on Carolco's 53 per cent stake in Live Entertainment, plus a new issue of $18m of preferred stock convertible into common shares. The foreign shareholders have agreed to defer receipt of $10m of payments owed to them.

Carolco's share price rose $¼ to $2¼ in early trading.

# Expected losses at Secpac cast new light on merger

By Alan Friedman in New York

FOURTH-QUARTER figures from Bank of America and Security Pacific yesterday underscored the degree to which the planned $4.2bn merger of the two California banks – the biggest in US history – is in many respects a rescue of the latter by Bank of America.

While the San Francisco-based Bank of America reported annual net profits of more than $1bn for the third year running, the Los Angeles-based Security Pacific said that it expected to report a $400m fourth-quarter deficit that would result in a loss for the year of $765m.

Security Pacific, which began selling off many of its non-US holdings even before the merger was announced last summer, achieved a $161.3m net profit in 1990.

The bank said its fourth-quarter results would include $730m of bad debt provisions – $180m more than the anticipated fourth-quarter loan losses of $550m.

Secpac's fourth quarter would include a $65m writedown of the bank's investment in Hoare Govett, the UK broker.

This reflected a decision to sell the business rather than pursue a partial management buy-out of Hoare Govett, the bank said.

Mr Robert Smith, Secpac's chairman, said the results "continue to reflect adverse economic conditions in the principal markets we serve, as well as further strengthening of the reserve for credit losses".

Mr Smith said he had been advised by Bank of America that the fourth-quarter losses and loan provisions at Secpac "do not alter BankAmerica's assessment of the overall benefits of the planned merger". He said both companies were proceeding with regulatory filings needed to consummate the merger, which was expected to go ahead in the next couple of months.

Bank of America, which said earlier this week it would increase the amount of deposits to be divested upon completion of the merger from $4bn to $7bn, has separately indicated it would create a "bad bank" consisting of problem assets of up to $4bn.

Bank of America said its fourth-quarter net income was $285m, slightly below its $287m in the same period of 1990. Net earnings for the whole of 1991 were $1.12bn, compared to $1.11bn of 1990.

Non-interest income rose by 18 per cent to $653m in the fourth quarter, while net loan losses were $279m in the quarter, more than double the $132m in the same quarter of 1990.

Total bad debt provisions for 1991 were $805m, compared with $905m in 1990.

On Wall Street, Bank of America's share price was unchanged at $41¼ before the close, while Security Pacific's was $⅛ lower at $34⅞.

# Bristol-Myers earnings rise 18%

By Karen Zagor in New York

BRISTOL-Myers Squibb, one of the world's biggest drugs companies, yesterday turned in an 18 per cent rise in 1991 earnings.

Net income for the fourth quarter ended December 31 advanced about 20 per cent to $510m or 98 cents a share from $425.5m or 81 cents a year earlier. Sales in the three months grew 7 per cent to $2.94bn from $2.74bn. Pre-tax earnings advanced 16 per cent to $703.7m from $607.1m in the 1990 quarter.

For the full year, Bristol-Myers Squibb had net earnings of $2.06bn or $3.95 a share, compared with $1.75bn or $3.33 in 1990. Sales rose 8 per cent to $11.16bn from $10.3bn. Pre-tax earnings grew 14 per cent to $2.89bn from $2.52bn.

The results met most analysts' expectations, but its shares fell $2¼ to $82¼ yesterday morning.

On Wall Street, investors have started shifting funds away from the pharmaceutical sector in the past week as they search for better returns and stock in the big pharmaceutical companies has come under selling pressure.

During 1991, Bristol-Myers sales were led by the US, where they rose 10 per cent while international sales grew 6 per cent. Mr Richard Gelb, chairman and chief executive, said almost all of the company's businesses posted improved sales, excluding discontinued operations. Consumer products was the only business sector to show a decline in sales.

The company last week said it would cut the prices of drugs it sold to Federal programmes for veterans, the military and the Public Health Service.

# Chevron restructure plan cuts 2,500 jobs

By Alan Friedman

CHEVRON, the fourth biggest US oil and gas company, is to cut its workforce by 2,500 people, about 5 per cent, and record a $270m fourth-quarter charge as part of a restructuring plan.

Mr Ken Derr, Chevron's chairman, said 500 of the 2,500 jobs being eliminated related to the company's refinery in Port Arthur, Texas. The refinery represents about 20 per cent of Chevron's total petroleum refining capacity and its partial or full closure has been under review for some time.

Mr Derr said the company would focus on reducing operating costs. He added that low natural gas prices, poor refining margins, the recession and reduced demand for petroleum products had hampered Chevron's financial results.

He said a final decision on Port Arthur would be made later this year. Among the options is a complete shut down except for chemicals manufacturing – this would cut about 1,600 jobs. At a minimum the refinery will cut capacity by a third to 200,000 barrels a day.

The other 2,000 Chevron jobs will be eliminated by way of voluntary early retirement, organisational changes and asset sales.

Mr Derr said that $185m of the $270m after-tax charges would relate to Port Arthur. If the refinery were shut down Chevron would incur an additional $200m charge.

Mr Derr announced plans to accelerate Chevron's programme to sell off more of its non-strategic US oil and gas fields. He said new US environmental regulations contained in the Clean Air Act would lead to costs of more than $2bn over the next five years at Chevron's eight US refineries.

In the third quarter of 1991 Chevron's net profit fell by 22 per cent to $313m.

● Deliveries of petroleum products in the US – an important measure of demand – declined by 2 per cent in 1991, according to the American Petroleum Institute (API). The industry association said oil's share of domestic US energy consumption fell to less than 41 per cent in 1991, the lowest level in 40 years.

# Wesfarmers' Bunnings offer 'unacceptable'

By Kevin Brown in Sydney

WESFARMERS, the Western Australian farming and commodities group, is trying to gain control of the Bunnings timber, hardware and metal products company at "an unacceptably low price", Mr Dolph Zink, Bunnings' chairman, said yesterday.

Wesfarmers announced a A$3.55 (US$2.61) a share hostile bid for Bunnings on January 1 following indications that BTR of the UK was seeking to dispose of its 24.6 per cent stake.

BTR acquired the shares as a result of its recent £1.5bn (US$2.68bn) takeover of Hawker Siddeley, the UK engineering group.

Wesfarmers says the A$163m bid represents a fair price for Bunnings, in which it has a 19.9 per cent holding.

However, Mr Zink said a committee of directors formed to consider the offer believed the bid price was not related to the underlying value of Bunnings' assets.

# Philips to close US chip factory

By Ronald van de Krol in Amsterdam

PHILIPS, the Dutch electronics group and the world's ninth biggest semiconductor maker, announced yesterday that it planned to close down a 25-year-old semiconductor factory near Salt Lake City, Utah by the end of 1992.

Production of semiconductors built at the Orem site will be transferred to other factories in the US, Europe or the Asia Pacific area. The move is part of Philips' efforts to enhance efficiency in its global semiconductor business. Signetics, Philips' US chip subsidiary, has manufacturing facilities in New Mexico and California.

Philips said the closure was a matter of streamlining operations and was not a response to market conditions.

It will earmark an unspecified sum for transferring, retraining and finding jobs for the factory's 900 employees. Signetics has a global workforce of about 6,000 people.

Mr James Dykes, president of Signetics, said the Utah factory, which makes chips on three and four-inch wafers rather than on the more advanced six-inch variety, "has been a workhorse for many years, but by today's standards is an almost outdated facility".

# Anglo American mines earn more

By Philip Gawith in Johannesburg

COST containment and forward selling helped the gold mines in the Anglo American group, the world's largest gold producer, record a 13 per cent increase in distributable profits to R183.3m ($65.6m) in the December quarter.

The rise in profits came despite serious labour unrest during November at the President Steyn mine in the Free State.

Mr Lionel Hewitt, managing director of the gold and uranium division, said the bottom-line cost to Freegold, the umbrella company for the group's Free State operations, had been about R7m.

Production during the quarter dropped to 27,513kg from 28,185kg, but the mine was able to increase distributable profits by 6.4 per cent to R73.2m.

Vaal Reefs had a successful quarter, with distributable profits up by 29.6 per cent to R64.4m. Gold production was virtually unchanged at 18,443kg, but total working costs declined by 6 per cent to R426.3m.

Western Deep Levels failed to repeat the exceptional performance of the September quarter, with distributable profit dropping to R25.6m from R32.2m. It was hit by a drop in gold production, to 10,061kg from 10,404kg, unit working costs rising by 3 per cent to R24,245 per kg, and a slightly lower gold price received.

Of the other mines, Elandsrand had a good quarter, lifting gold production by 6.3 per cent to 3,857kg. Distributable profit nearly doubled to R12.2m. Ergo, the dump treatment operation, lifted distributable profit 67 per cent to R7m.

# Record Intel results beat predictions

By Louise Kehoe in San Francisco

INTEL, the leading maker of computer microprocessor chips, reported strong fourth-quarter results, bringing revenues and earnings for the year to record levels and well above analysts' projections.

Dr Andrew Grove, president and chief executive, said: "1991 was an outstanding year for Intel." Revenues for the year rose by 22 per cent to $4.78bn, up from $3.92bn in 1990. Net income was $819m, or $3.92 a share, compared with $650m, or $3.20.

Fourth-quarter results were strong, with revenue of $1.21bn, up 15 per cent from $1.05bn for the same period in 1990.

Net income of $189m, or 90 cents a share, increased from $164m, or 80 cents, for the fourth quarter of 1990. Wall Street analysts had forecast fourth-quarter earnings of about 84 cents a share.

Intel's success, in spite of a decline in semiconductor sales stems from the popularity of its microprocessor products. Its 486 and 386 microprocessors form the "brains" of most personal computers.

For the first time, Intel's international business in 1991 exceeded its US business.

# Alcoa tumbles 51% to A$381m

By Kevin Brown in Sydney

ALCOA of Australia, the aluminium, alumina and gold producer, yesterday reported a 51 per cent drop in net profits to A$381m (US$282m) for the year to the end of December.

It said the fall was caused by lower prices for alumina, aluminium ingots and gold, higher raw material costs, and the introduction of corporate taxation on gold mining operations.

Much of the decline occurred in the final quarter, when net profits fell to A$77.8m, compared with A$189.5m the previous year. Sales for the year fell by 16 per cent to A$2.5bn.

The company said its alumina and aluminium facilities operated at record levels throughout the year. However, gold production fell from 183,000 tonnes to 167,000 tonnes, partly because of lower recovery grades.

The directors said the result was "satisfactory" considering the difficult market conditions. However, they warned the current year would be "challenging" as market conditions continued to deteriorate.

Alcoa is 51 per cent owned by the Alumina Company of America and 49 per cent by Western Mining Corporation, the Australian resources group.

The directors earlier declared a fully-franked final dividend of 24.1 cents a share, equivalent to a return of A$100m to shareholders.

# INTERNATIONAL CAPITAL MARKETS

# Treasuries' slide continues despite encouraging data

**By Patrick Harverson in New York and Sara Webb in London**

THE SLIDE in US Treasury prices continued yesterday morning, despite good news on inflation.

By midday, the benchmark 30-year government bond was down 11/32 at 104 13/32, yielding 7.612 per cent. The two-year note was also easier, down 1/32 at 99 7/8, yielding 5.050 per cent.

The market firmed in early trading, thanks primarily to the Labor Department's report that the consumer price index rose just 0.3 per cent in December.

The number was in line with market expectations, although a 0.4 per cent gain in energy prices was bigger than forecast. Overall, though, the news on prices was good, and should have provided support for the bond markets.

Bond prices soon turned around, however, partly in response to a 49,000 decline in weekly state unemployment claims, but mostly because the market does not have the stomach, at least for the moment, for further gains.

**BENCHMARK GOVERNMENT BONDS**

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| AUSTRALIA | | 12.000 | 11/01 | 113.3623 | -1.229 | 9.64 | 9.40 | 9.67 |
| BELGIUM | | 9.000 | 08/01 | 102.0000 | -0.100 | 8.49 | 8.50 | 8.80 |
| CANADA * | | 8.500 | 04/02 | 102.2000 | -0.150 | 8.17 | 7.88 | 8.47 |
| DENMARK | | 9.000 | 11/00 | 102.8500 | -0.120 | 8.33 | 8.35 | 8.81 |
| FRANCE | BTAN | 8.500 | 11/96 | 99.1027 | -0.171 | 8.72 | 8.81 | 9.03 |
| | OAT | 9.500 | 01/01 | 106.4300 | -0.380 | 8.45 | 8.43 | 8.68 |
| GERMANY | | 8.25 | 09/01 | 102.0300 | -0.240 | 7.93 | 7.94 | 8.18 |
| ITALY | | 12.000 | 08/01 | 98.4800 | -0.050 | 12.27 | 12.37 | 12.48 |
| JAPAN | No 118 | 4.800 | 06/99 | 95.3024 | -0.298 | 5.70 | 5.57 | 5.93 |
| | No 129 | 6.400 | 03/00 | 105.5232 | -0.181 | 5.43 | 5.28 | 5.63 |
| NETHERLANDS | | 8.500 | 03/01 | 100.8000 | -0.210 | 8.40 | 8.41 | 8.67 |
| SPAIN | | 11.900 | 07/96 | 101.3500 | -0.100 | 11.12 | 11.20 | 11.37 |
| UK GILTS | | 10.000 | 11/96 | 101-08 | +08/32 | 9.66 | 9.70 | 9.72 |
| | | 10.000 | 02/01 | 102-26 | +06/32 | 9.53 | 9.48 | 9.57 |
| | | 9.000 | 10/08 | 98-08 | +04/32 | 9.21 | 9.23 | 9.35 |
| US TREASURY * | | 7.500 | 11/01 | 102-22 | -12/32 | 7.11 | 6.74 | 7.17 |
| | | 8.000 | 11/21 | 104-14 | -16/32 | 7.62 | 7.39 | 7.76 |

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

## GOVERNMENT BONDS

■ UK GOVERNMENT bonds rallied strongly on the mortgage rate cuts and unemployment figures announced yesterday. Much of the gain, however, was wiped out as the US Treasury market's fall pulled gilt prices lower.

Trading was mainly futures-driven, with the Liffe gilt futures contract climbing to a high of 97.26 from its opening of 97.08, before settling at 97.14 in the late afternoon. The volume in the Liffe futures contract was double the normal level at 42,000 contracts.

The benchmark 11¾ per cent gilt due 2003/07 gained nearly half a point at one stage, from its opening level of 115 5/16, but fell back to 115¾ by late afternoon.

The news that Abbey National and Halifax, the two largest UK mortgage-lenders, were cutting their mortgage rates, and the release of unemployment figures which showed a slowdown in the rate of increase, were both seen by the market as positive for the government.

■ THE WEAKENING in US Treasury bond prices helped to pull down the European government bond markets, wiping out earlier gains.

In Germany, the cash and futures markets closed lower. The Liffe bund futures contract, which opened at 88.38, fell from a high of 88.44 to close at 88.16 on a volume of 46,000 contracts. Traders reported strong demand for five-year bunds earlier in the day, but said the US Treasury bond market's fall prompted considerable volatility towards the close of trading.

In the French market, government bonds fell ¼ of a point in futures-dominated trade, wiping out the gains made on Wednesday. The March bond future ended at 108.72, down 36 basis points, on a volume of 139,184 lots.

■ JAPANESE government bonds ended the day unchanged in Tokyo in dull trading. The yield on the benchmark No 129 issue closed at 5.395 per cent, having traded in a range of 5.385-5.415 per cent.

The Bank of Japan drained funds from the money market yesterday on the first day of the new reserve period for banks. The overnight call money rate inched up to 5 13/16 per cent, while three-month certificates of deposit remained at 5.28 per cent, traders said.

# Former Belzberg flagship broken up

THE troubled financial empire controlled until last month by Canada's Belzberg family is being dismembered, writes Bernard Simon in Toronto.

North American Life Assurance, a subsidiary of Security Life of Boston, is to acquire First City Trust from Harrowston Corp, previously known as First City Financial. First City Financial was the Belzbergs' flagship company during their corporate-raiding heyday in the mid-1980s, but control was recently ceded to a group of Swiss bondholders as part of a financial restructuring.

North American will invest C$51m (US$43.9m) in a new subsidiary, while the Canada Deposit Insurance Corporation and Quebec Deposit Insurance Board will take up C$175m in senior secured debentures. Under the deal, about C$100m of First City's debt and preferred share obligations will be eliminated.

The new North American unit will recapitalise First City, which lost C$115m in the first nine months of last year, mainly from leasing and equities investment.

First City Trust, with assets of C$3.9bn on June 30 1991, is a mid-sized deposit-taking institution whose businesses include mortgages and fiduciary services.

North American, with assets of C$7bn, is the latest Canadian life insurance company to expand. It already offers real estate asset management, investment counselling and mutual fund services.

**FT/ISMA INTERNATIONAL BOND SERVICE**

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:10 pm on January 16

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ABN 9 1/8 94 | 200 | 106½ | 107½ | | 6.25 |
| ALBERTA PROVINCE 9 3/8 95 | 600 | 109⅝ | 110 | +⅛ | 6.41 |
| AUSTRIA 8 1/2 00 | 400 | 106¼ | 106¾ | –⅛ | 7.44 |
| BANK OF TOKYO 8 3/8 96 | 100 | 104¾ | 105¼ | –⅛ | 7.02 |
| BELGIUM 9 5/8 98 | 250 | 111¼ | 111⅝ | –⅛ | 7.36 |
| BFCE 7 3/4 97 | 150 | 103⅝ | 103⅞ | +⅛ | 6.94 |
| BNP 8 5/8 94 | 300 | 106⅛ | 106⅜ | –⅛ | 5.83 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| OTHER STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| BAYERISCHE VEREINS INT 7 94 LFr | 600 | 94 | 95 | | 9.77 |
| COPENHAGEN TEL 8 5/8 96 LFr | 600 | 98 | 98¾ | | 9.25 |
| WORLD BANK 8 96 LFr | 1000 | 96½ | 97½ | | 9.12 |
| ABN AMRO HOLDING 9 1/4 01 Fl | 750 | 104⅝ | 104⅞ | | 8.53 |
| UNILEVER 9 00 Fl | 500 | 105 | 105½ | | 8.14 |
| ALBERTA PROVINCE 10 5/8 96 C$ | 500 | 106¼ | 107 | –⅛ | 8.58 |
| BELL CANADA 10 5/8 99 C$ | 150 | 107⅛ | 107⅝ | –⅛ | 9.20 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: [illegible] CONVERTIBLE BONDS: [illegible]



# Vietnam set to license foreign bank branches

**By Alexander Nicoll, Asia Editor**

VIETNAM looks set to begin licensing foreign bank branches in a move keenly awaited by banks seeking to take advantage of the country's market-oriented economic reforms.

The State Bank of Vietnam, the communist country's central bank, has told seven banks they have approval in principle to open branches, according to foreign business sources quoted by Reuter from Hanoi yesterday.

However, it was not clear whether other banks would also be given approval at this stage. At present, foreign banks may only have representative offices, and there is one joint venture with an Indonesian bank.

The seven did not include Standard Chartered, which has developed a strong profile in Vietnam through an active representative office. Standard Chartered said in London its office in Ho Chi Minh City was being upgraded towards branch status. However, it could not speculate on the precise timing of the award of a licence.

Four French banks with representative offices in Vietnam were reported to be among those given the green light for a branch. They are: Banque Nationale de Paris, Banque Française du Commerce Exterieur, Crédit Lyonnais and Indosuez.

The other three – Bangkok Bank, ANZ, and a Taiwanese bank – do not have representative offices. Mr Vo Van Kiet, Vietnam's prime minister, confirmed during a visit by Mr Anand Panyarachun, the Thai prime minister, that Bangkok Bank would be granted a licence.

The permitted scope of branch activities has yet to be made clear, though foreign banks are keen to expand their trade financing operations. Vietnam's banking system is under-developed, and banks including Standard Chartered have been training local banks in skills such as foreign exchange trading.

In the longer term, Vietnam offers large potential for retail banking as the government seeks to develop the infrastructure of a market economy. Several foreign banks, including some from the US, are believed to be anxious to begin retail business, though US banks are currently prevented from doing business with Vietnam by a US embargo.

# Singapore SE to introduce option trading

THE STOCK Exchange of Singapore (SES) is to introduce trading of stock options in six local companies by the middle of this year, Reuter reports from Singapore.

Mr George Teo, SES deputy chairman, told a seminar on Asian capital markets that the six – which he did not name – would be among the 32 main board companies traded under a central automated settlement system.

"Both put and call options will be introduced on six scripless equity stocks," he said.

The exchange would also select foreign brokers for SES international membership, which gives wholly foreign-owned securities companies rights to trade directly on the main board, the secondary board and the over-the-counter market.

SES officials said the selections would be made in the first half of this year.

Stockbrokers said about a dozen foreign securities houses, mostly from Japan and Europe, were seeking international membership on the exchange.

● Securities companies in South Korea are expected to be allowed to deal in forward foreign exchange contracts on behalf of their clients, Mr Koh Byung-woo, chairman of the Korea Stock Exchange said.

He told the seminar Seoul was aware of foreigners' concern over the risk of changes in the South Korean currency's strength when they invest in Korean stocks. The Korean stock market was opened to direct but limited foreign investment this month.

# Shipyard raises new equity of S$200m

SEMBAWANG Shipyard, the diversified Singapore-based shipping group, has raised more than S$200m in new equity by means of the biggest bought deal carried out for a Singapore company, writes Sarah Webb.

S.G. Warburg Securities, the UK investment bank, and Phillips Securities, a Singapore securities house, bought 27m shares in Sembawang Shipyard at S$8.01 per share and placed them at S$8.27.

## INTERNATIONAL CAPITAL MARKETS

# Further Ecu issues reflect investors' shift to Europe

By Tracy Corrigan

TWO NEW bond offerings in Ecu emerged yesterday, reflecting the shift of investor interest from the US to European markets.

Dealers said medium-term bonds in D-Marks, French francs and the Ecu had been the main beneficiaries of disinvestment from the US Treasury market on expectations that interest rates in European markets will move down rather than up.

There has also been substantial selling of Eurodollar bonds in the secondary market – as investors tried to take profits – as the surplus of dollar paper now in the primary market forced spreads to widen.

With substantial amounts of unsold Eurodollar bonds weighing down underwriters' books, spreads on many recent issues widened by about 10 basis points yesterday.

ABB International, the Swiss-Swedish engineering group, and Heleba International Finance, the German bank arm, both launched four-year deals on Wednesday, which widened from 50 to 62 basis points and from 38 to 52 basis points respectively. A three-year offering for Finnish Export Credit, meanwhile, widened from 43 to 53 basis points above the US Treasury yield curve.

### INTERNATIONAL BONDS

In the Ecu sector, General Electric Capital and Crédit Local launched five-year offerings totalling Ecu750m.

The Ecu500m Crédit Local deal was considered reasonably, but not generously, priced to yield 8.62 per cent, and met firm demand. But General Electric's 8⅝ per cent deal yielding 8.41 was considered over-aggressive.

Dealers said that, although demand for the Ecu was firm, investors are looking for fair value and are still relatively cautious, given the recent volatility of market conditions.

However, Swiss Bank Corporation, the lead underwriter of the transaction, said the GEC name would attract Swiss retail investors.

Elsewhere, Pubco, a UK brewing joint venture, raised a further 32.5m of 11¼ per cent debentures due 2006 via Kleinwort Benson. The stock is fungible, bringing the total size of the debenture issue to £87.5.

The deal uses a joint-venture structure devised by Kleinwort to cut borrowing costs for small companies: the structure is open-ended so that more bonds can be issued via the joint venture and more companies can join the group with the consent of the existing partners.

Boddington was admitted to the group for this transaction, which now consists of five brewers – the others are Daniel Thwaites, Morland, Greene King, and Shepherd Neame. Of the new stock, £25m of the proceeds will be lent on to Boddington, and £7.5m to Morland.

An earlier transaction for a group of five investment trust companies raised £55m, and the technique could be extended to other areas where a group of companies with broadly similar credit quality and financing requirements can be assembled.

In the dollar sector, Eurofima issued $153.5m of underwritten one-year notes under its $500m medium-term note programme. The underwritten structure, creating a hybrid between medium-term note and Eurobond, was used under an MTN programme by Swedish Export Credit last year.

● Hydro-Quebec is issuing $1bn of 30-year debentures in the US Yankee bond market, via First Boston.

### NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees | Book runner |
|---|---|---|---|---|---|---|
| **ECUs** | | | | | | |
| Credit Local de France(a)† | 500 | 8½ | 101.15 | 1997 | 1⅞/1⅜ | Paribas Capital Mkts. |
| General Elec.Cap.Corp(a)† | 250 | 8⅝ | 101½ | 1997 | 1⅞/1⅜ | SBC |
| **US DOLLARS** | | | | | | |
| Eurofima(b)‡ | 153.5 | 4.55 | 100.15 | 1993 | 15bp | Lehman Bros. |
| Mitsubishi Finance Int.(c)† | 80 | 7½ | 102 | 2002 | 2/1¼ | Mitsubishi Finance Int. |
| **AUSTRALIAN DOLLARS** | | | | | | |
| Sth.Aust.Govt.Fin.Authority(a)† | 100 | 10¼ | 101¼ | 2000 | 2/1½ | Hambros Bank |

☆Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Issued under a $500m Medium Term Note programme. Non-callable. c) Callable on or after 27/1/97 at 100%.

# Liffe contract opens to US

THE LONDON International Financial Futures Exchange's (Liffe) Italian Government Bond (BTP) futures and options contracts may now be offered or sold to customers located in the US, Liffe said, Reuter reports.

The move follows approval by the US Securities and Exchange Commission and the US Commodity Futures Trading Commission.

"We now expect a sizeable demand for BTP futures and options contracts to come from our members' clients located in the US who, up until now, have been restricted from using the contracts," Liffe's chief executive, Michael Jenkins, said.

# Volvo finance arm in BFr2bn offering

VOLVO Group Finance Europe is launching a BFr2bn multi-currency commercial paper programme in Belgium, Reuter reports.

Générale Bank, manager of the issue, said the paper would be issued in the form of promissory notes with a maximum maturity of one year.

# Percs re-emerges as Wall Street buzzword

**Patrick Harverson** looks at the return of an attractively simple stock derivative

WHEN US investment bankers gather to discuss perks, the talk is usually of company cars, golf club memberships and "meetings" in Aspen.

This past year, however, whenever Wall Street's finest have gathered, the talk is more likely to have been about "Percs" than about perks.

Preferred equity redemption cumulative stock (Percs) is currently one of the brightest stars in the corporate finance firmament. Between June and November last year, a handful of big-name US issuers – including General Motors, RJR Nabisco and K mart – raised more than $5bn through Percs.

Percs first surfaced in 1989 as a one-off issue for Avon Products designed by Morgan Stanley. They then languished for three years, partly because Avon's decision to cut its dividend alongside the issue, and the subsequent failure of a vaguely similar product – Shearson Lehman's unbundled stock units (USUs) – left a bad taste in investors' mouths about Percs.

However, when a cash-hungry GM reopened the file on Percs in the middle of 1991, Morgan Stanley was ready. Once the car-maker's issue was successfully launched, other companies quickly jumped on the Percs bandwagon.

| OUTSTANDING PERCS (at January 16 1992) | | |
|---|---|---|
| Issuer | Date | Size ($m) |
| General Motors | 26/6/91 | 841 |
| K mart | 16/8/91 | 1,012 |
| Texas Instruments | 11/0/91 | 305 |
| Broad Inc | 11/10/91 | 78 |
| RJR Nabisco | 1/11/91 | 2,025 |
| Aon Corp | 14/11/91 | 109 |
| Tenneco | 19/12/91 | 516 |
| Olin | 14/1/92 | 99 |

Source: Parallax Group

Unlike many fancy derivative-based products, the design of Percs is quite simple. They are sold at the market price of the common stock, and are mandatorily convertible at the end of three years. To attract investors, the issuer offers a higher dividend than is available on the common, but in return places a cap – usually 30 per cent – on the appreciation potential of the Percs.

In effect, when investors purchase Percs they are really buying the common stock from the issuer, and simultaneously selling the issuer a call option on the stock – which is a right to buy it back at a predetermined price.

In the past this was known as a "buy-write", and it involved two distinct elements, the stock issue and the call option. The great strength of Percs is that they combine the two in one, creating a simpler, more liquid product with which investors feel more comfortable.

To the issuer, Percs are attractive in several ways. The company can raise large amounts of money through an equity product without adding new debt to its balance sheet. The ratings agencies treat them like common stock, and they are a highly liquid financial asset.

Issuers also stand to benefit if their share price rises above the cap. Once the cap has been passed, when conversion time comes around investors do not receive one common share for each Percs share, but instead get less than one, with the conversion ratio calculated so that the market value of the common issued equals the cap. So for every cent or dollar the stock rises above the cap, the Percs issue becomes more cost-effective and less dilutive for the issuer.

Perhaps the biggest attraction of Percs is that they enable issuers to tap a wider audience of potential investors, particularly those which would normally steer clear of issues of common stock because of the poor yields on offer.

For investors, the lure of Percs is also clear. In a low-interest rate environment they offer higher yields than conventional forms of stock such as common or convertible preferred, and they offer potential for capital gains on top.

General Motors, for example, issued $641m of Percs carrying a dividend yield of 8 per cent – the common yielded only 3.9 per cent at the time – and a cap of 30 per cent. Even with a ceiling on capital growth, if the GM share price appreciates over the three-year life of the issue, investors could enjoy an annual percentage return in the high teens.

The downside for the investor comes if the underlying common stock performs badly over the three years. Then, the loss taken on conversion is inadequately compensated by the higher dividend yield offered at the issue launch.

Percs, therefore, should only be for sophisticated investors who understand the relationship between the high yield and the equity risk. So far, although there has been some overseas institutions among Percs buyers, most have been from the US, primarily income funds and other institutions in search of high-yielding, relatively low-risk equities.

# Top Salomon analyst quits for First Boston

By Patrick Harverson

THE WAVE of defections from the equities department of Salomon Brothers, the Wall Street securities house, continued yesterday when Mr Thomas Hanley, the top-ranked bank analyst, left the firm to join First Boston.

However, three members of the equity research team reportedly turned down an offer from First Boston. The three staying at Salomon are Mr John Leonard – who will head the banking research group – Ms Diane Glossman and Mr Jeffrey Naschek.

Mr Hanley's exit takes the number of departures by senior equities staff in the past six weeks into double figures. Among those to have left Salomon for other firms are Mr Ralph Fletcher, head of private placements, Mr Leslie Ravitz, a respected chemicals analyst, Mr Gary Gastineau, a derivatives analyst, and several members of Salomon's London team, including Mr Chris Mitchinson, head of equity research and strategy. Mr Peter Clarke, head of equity sales and trading in London also resigned yesterday.

The trickle of defections from the equities business is threatening to turn into a flood because of changes in Salomon's compensation system, which left stock traders and analysts with significantly lower bonuses at the end of last year.

Mr Hanley's departure yesterday was clouded in mystery. Rumours circulated that he had been fired because of a news report earlier this week that said he had received an offer from First Boston.

The loss is a blow to Salomon's equity research team. He was a 20-year Salomon veteran and topped the banking section of Institutional Investors's poll of US brokerage analysts for the past eight years.

# Vietnam fund cut-off date extended

CREDIT Lyonnais Securities (Asia) has extended the cut-off date for placing its newly-launched Vietnam Growth Fund due to a disappointing take-up, Reuter reports from Hong Kong.

The securities firm said: "It is taking longer to place than we had hoped. The placement period is being extended and the reason for this is the unusual nature of the fund." The new deadline will be April 11.

The closed-end, 25-year fund for direct investment in Vietnam had only raised about $25m of the targeted $50m by the January 14 deadline, sources familiar with the fund said, though CLSA declined to say how much had been raised.

Launched in November, it is the first fund authorised to invest directly in Vietnamese companies and is aimed at institutional investors with a minimum investment of $525,000.

# Robert Fleming plans Czech investment trust

By Sara Webb

ROBERT Fleming, the merchant banking group, is planning to launch a $100m Czechoslovakia investment trust with the backing of the European Bank for Reconstruction and Development (EBRD).

The Czechoslovakia Investment Corporation will be the first closed-end mutual fund open to foreign institutions, and will invest entirely in Czechoslovak companies or commercial ventures, according to Robert Fleming.

The EBRD has agreed to be a leading shareholder in the investment trust, with a view to lending to some of the companies which are selected for the fund.

Robert Fleming has signed an agreement with Investicni Banka, the Czechoslovak investment bank, whereby it has access to advance information about companies seeking foreign capital. Investicni Banka is advising the government on its privatisation programme. It already runs several domestic mutual funds for which Robert Fleming is an adviser.

Robert Fleming has secured the right to invest on the same terms and conditions as Investicni Banka's domestic funds.

The fund managers hope to raise more than $100m by placing units – each consisting of five shares and one warrant – with institutional investors. The fund will be listed in London and in Prague once the stock market opens there.

Several of the eastern European funds launched after the opening up of the eastern bloc attracted considerable investor interest but faced problems finding suitable investments.

Robert Fleming launched the Deutscheland Investment Corporation, a fund set up for investment in eastern German concerns which is listed in London and Berlin.

## LONDON MARKET STATISTICS

### FT-ACTUARIES SHARE INDICES

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| EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Thursday January 16 1992 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%)) | Est. P/E Ratio (Net) | xd adj. 1992 to date | Wed Jan 15 Index No. | Tue Jan 14 Index No. | Mon Jan 13 Index No. | Year ago (approx) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 CAPITAL GOODS (178) | 772.78 | +1.4 | 8.82 | 6.22 | 14.49 | 0.19 | 762.22 | 755.22 | 744.72 | 692.66 |
| 2 Building Materials (23) | 922.03 | +2.7 | 7.55 | 6.75 | 17.94 | 0.00 | 897.96 | 889.50 | 878.94 | 943.51 |
| 3 Contracting, Construction (29) | 851.96 | +1.9 | 9.43 | 8.70 | 15.28 | 0.00 | 836.43 | 833.62 | 831.34 | 1082.58 |
| 4 Electricals (7) | 2468.12 | +1.4 | 10.06 | 6.08 | 12.50 | 0.00 | 2433.47 | 2406.37 | 2397.82 | 1887.01 |
| 5 Electronics (26) | 1703.08 | +1.1 | 10.84 | 5.05 | 11.69 | 0.41 | 1683.74 | 1692.96 | 1655.93 | 1498.84 |
| 6 Engineering-Aerospace (8) | 340.97 | –1.6 | 15.84 | 7.62 | 7.69 | 0.00 | 346.41 | 342.93 | 336.84 | 389.98 |
| 7 Engineering-General (43) | 479.23 | +0.9 | 9.99 | 5.19 | 12.34 | 0.84 | 475.19 | 469.71 | 464.69 | 349.87 |
| 8 Metals and Metal Forming (10) | 326.31 | +5.0 | 2.14 | 10.65 | – | 0.00 | 310.76 | 306.75 | 302.26 | 391.20 |
| 9 Motors (13) | 297.05 | +3.4 | 8.67 | 8.03 | 15.31 | 0.00 | 287.21 | 280.38 | 280.07 | 275.57 |
| 10 Other Industrial Materials (19) | 1595.48 | +0.6 | 7.54 | 5.14 | 15.77 | 0.00 | 1585.68 | 1565.96 | 1539.08 | 1186.13 |
| 21 CONSUMER GROUP (188) | 1628.82 | –1.0 | 7.16 | 3.39 | 17.20 | 1.53 | 1646.08 | 1639.28 | 1627.05 | 1216.73 |
| 22 Brewers and Distillers (23) | 2047.78 | ...... | 8.13 | 3.46 | 14.92 | 7.92 | 2047.90 | 2050.66 | 2029.10 | 1561.03 |
| 25 Food Manufacturing (18) | 1240.85 | –0.4 | 8.69 | 4.09 | 14.22 | 1.03 | 1246.37 | 1237.64 | 1233.53 | 1031.60 |
| 26 Food Retailing (17) | 2431.03 | +0.7 | 9.09 | 3.41 | 14.29 | 0.39 | 2415.21 | 2369.11 | 2330.86 | 2318.02 |
| 27 Health and Household (24) | 4464.76 | –4.0 | 5.09 | 2.19 | 22.53 | 0.35 | 4649.21 | 4654.94 | 4651.04 | 2517.60 |
| 29 Hotels and Leisure (24) | 1235.68 | –0.1 | 8.08 | 5.45 | 15.30 | 0.00 | 1236.63 | 1244.08 | 1242.29 | 1146.37 |
| 30 Media (23) | 1453.71 | –0.3 | 6.65 | 3.69 | 18.82 | 0.91 | 1458.03 | 1439.42 | 1426.53 | 1193.89 |
| 31 Packaging, Paper & Printing (17) | 766.19 | +0.1 | 6.91 | 4.33 | 17.54 | 0.00 | 765.66 | 761.76 | 745.87 | 494.63 |
| 34 Stores (32) | 997.50 | +0.9 | 7.36 | 3.73 | 18.00 | 0.23 | 988.71 | 980.08 | 962.17 | 809.59 |
| 35 Textiles (10) | 603.38 | +1.4 | 7.66 | 5.15 | 16.65 | 0.00 | 595.23 | 598.88 | 601.14 | 405.92 |
| 40 OTHER GROUPS (115) | 1214.73 | +0.9 | 9.98 | 5.48 | 12.63 | 5.01 | 1203.79 | 1184.33 | 1174.30 | 989.57 |
| 41 Business Services (16) | 1451.74 | +0.9 | 6.91 | 4.52 | 18.39 | 0.00 | 1438.50 | 1408.48 | 1406.12 | 977.98 |
| 42 Chemicals (21) | 1446.31 | +2.1 | 6.98 | 5.06 | 17.70 | 0.19 | 1416.26 | 1398.41 | 1394.19 | 1034.39 |
| 43 Conglomerates (11) | 1346.03 | +1.7 | 11.19 | 7.71 | 10.85 | 0.10 | 1324.00 | 1302.23 | 1276.15 | 1259.86 |
| 44 Transport (14) | 2435.07 | +1.8 | 5.27 | 4.64 | 24.99 | 0.00 | 2392.77 | 2374.28 | 2335.06 | 1817.29 |
| 45 Electricity (16) | 1161.29 | +1.0 | 15.62 | 6.40 | 8.33 | 11.22 | 1150.19 | 1124.48 | 1125.02 | 1015.30 |
| 46 Telephone Networks (4) | 1390.80 | –0.2 | 11.28 | 4.51 | 11.57 | 15.96 | 1393.18 | 1376.52 | 1367.08 | 1126.64 |
| 47 Water (10) | 2246.60 | –0.3 | 19.00 | 7.08 | 5.80 | 0.00 | 2253.22 | 2202.48 | 2201.03 | 2198.74 |
| 48 Miscellaneous (25) | 1877.08 | +0.8 | 5.30 | 5.21 | 25.97 | 0.00 | 1861.54 | 1817.17 | 1789.24 | 1544.16 |
| 49 INDUSTRIAL GROUP (481) | 1281.47 | ...... | 8.33 | 4.54 | 15.02 | 2.32 | 1281.80 | 1270.64 | 1259.35 | 1017.77 |
| 51 Oil & Gas (19) | 2196.69 | +0.1 | 11.65 | 6.38 | 11.36 | 0.00 | 2195.22 | 2179.88 | 2137.44 | 2181.47 |
| 59 500 SHARE INDEX (500) | 1363.08 | ...... | 8.70 | 4.74 | 14.49 | 2.19 | 1363.29 | 1351.68 | 1338.06 | 1114.23 |
| 61 FINANCIAL GROUP (87) | 726.27 | +2.6 | – | 6.41 | – | 0.00 | 707.97 | 700.10 | 697.96 | 685.19 |
| 62 Banks (9) | 877.24 | +3.9 | 4.38 | 6.05 | 46.44 | 0.00 | 844.14 | 825.48 | 825.54 | 727.14 |
| 65 Insurance (Life) (6) | 1446.31 | +1.5 | – | 5.91 | – | 0.00 | 1424.90 | 1414.69 | 1412.05 | 1255.39 |
| 66 Insurance (Composite) (7) | 508.16 | +1.9 | – | 8.58 | – | 0.00 | 498.92 | 585.38 | 497.70 | 591.47 |
| 67 Insurance (Brokers) (10) | 1008.20 | +1.5 | 7.67 | 6.63 | 17.15 | 0.00 | 992.95 | 972.60 | 958.99 | 943.63 |
| 68 Merchant Banks (7) | 454.24 | +0.8 | – | 4.72 | – | 0.00 | 450.68 | 449.95 | 449.31 | 332.06 |
| 69 Property (34) | 777.55 | +1.6 | 7.06 | 5.94 | 20.18 | 0.00 | 765.07 | 760.62 | 761.42 | 934.56 |
| 70 Other Financial (14) | 236.65 | +1.0 | 11.27 | 7.55 | 11.19 | 0.00 | 234.38 | 232.24 | 232.61 | 238.31 |
| 71 Investment Trusts (68) | 1193.81 | +0.1 | – | 3.65 | – | 0.38 | 1192.91 | 1177.64 | 1166.59 | 973.61 |
| 99 ALL-SHARE INDEX (655) | 1211.56 | +0.3 | – | 4.91 | – | 1.67 | 1208.07 | 1197.28 | 1186.22 | 1008.60 |

| | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Jan 15 | Jan 14 | Jan 13 | Jan 10 | Jan 9 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX♦ | 2541.6 | +4.5 | 2549.4 | 2523.3 | 2537.1 | 2516.3 | 2490.1 | 2477.9 | 2497.9 | 2104.6 |

### FIXED INTEREST

| PRICE INDICES | Thu Jan 16 | Day's change % | Wed Jan 15 | Accrued interest | xd adj. 1992 to date |
|---|---|---|---|---|---|
| **British Government** | | | | | |
| 1 Up to 5 years (26) | 121.62 | +0.07 | 121.79 | 1.69 | 0.65 |
| 2 5-15 years (27) | 136.85 | +0.23 | 136.54 | 2.64 | 0.38 |
| 3 Over 15 years (8) | 146.81 | +0.33 | 146.34 | 2.07 | 0.00 |
| 4 Irredeemables (6) | 161.35 | +0.16 | 161.09 | 1.88 | 0.00 |
| 5 All stocks (67) | 134.42 | +0.19 | 134.26 | 2.28 | 0.44 |
| **Index-Linked** | | | | | |
| 6 Up to 5 years (2) | 168.91 | ...... | 168.91 | 1.08 | 0.00 |
| 7 Over 5 years (9) | 149.07 | +0.06 | 148.98 | 0.67 | 0.27 |
| 8 All stocks (11) | 150.59 | +0.05 | 150.51 | 0.72 | 0.23 |
| 9 Debs & Loans (62) | 116.71 | +0.19 | 116.49 | 2.61 | 0.09 |

| AVERAGE GROSS REDEMPTION YIELDS | | Thu Jan 16 | Wed Jan 15 | Year ago (approx.) |
|---|---|---|---|---|
| **British Government** | | | | |
| 1 Low | 5 years | 8.83 | 8.85 | 9.93 |
| 2 Coupons | 15 years | 9.23 | 9.25 | 9.93 |
| 3 (0%-7¾%) | 20 years | 9.23 | 9.25 | 9.93 |
| 4 Medium | 5 years | 9.63 | 9.66 | 10.75 |
| 5 Coupons | 15 years | 9.31 | 9.34 | 10.24 |
| 6 (8%-10¾%) | 20 years | 9.25 | 9.28 | 10.06 |
| 7 High | 5 years | 9.86 | 9.89 | 10.88 |
| 8 Coupons | 15 years | 9.38 | 9.42 | 10.41 |
| 9 (11%-) | 20 years | 9.31 | 9.34 | 10.18 |
| 10 Irredeemables | | 9.47 | 9.48 | 10.11 |
| **Index-Linked** | | | | |
| 11 Inflation rate 5% | Up to 5yrs. | 4.00 | 3.99 | 3.81 |
| 12 Inflation rate 5% | Over 5 yrs. | 4.32 | 4.32 | 4.20 |
| 13 Inflation rate 10% | Up to 5 yrs. | 3.40 | 3.39 | 2.57 |
| 14 Inflation rate 10% | Over 5 yrs. | 4.15 | 4.15 | 4.03 |
| 15 Debs & | 5 years | 11.03 | 11.05 | 12.63 |
| 16 Loans | 15 years | 10.86 | 10.88 | 12.38 |
| 17 | 25 years | 10.69 | 10.71 | 12.16 |

♦Opening index 2525.8; 9 am 2530.6; 10 am 2528.9; 11 am 2543.5; Noon 2547.3; 1 pm 2547.0; 2 pm 2546.0; 2.30 pm 2544.5; 3 pm 2542.7; 4.10 pm 2538.4; (a) 12.16pm (b) 9.23am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Bracken House, 49 Minories, London EC3N 1DY. Tel: 071-702 0991.

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 64 | 1 | 16 |
| Other Fixed Interest | 13 | 2 | 3 |
| Commercial, Industrial | 349 | 242 | 901 |
| Financial & Property | 201 | 83 | 508 |
| Oil & Gas | 21 | 17 | 53 |
| Plantations | 3 | 0 | 7 |
| Mines | 25 | 41 | 86 |
| Others | 58 | 38 | 47 |
| Totals | 734 | 424 | 1,621 |

### LONDON RECENT ISSUES

#### EQUITIES

[illegible]

#### FIXED INTEREST STOCKS

[illegible]

#### RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1991/92 High | 1991/92 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 43 | Nil | – | 10pm | 9½pm | Airbreak Leisure 5p | 10pm | |
| 43 | Nil | 17/2 | 5pm | 2pm | Anglo Irish Bank | 2pm | –1 |
| 220 | Nil | – | 27pm | 23pm | Beales Hunter 20p | 23pm | |
| 235 | Nil | 27/1 | 31pm | 11pm | Hartstone | 28pm | |
| 415p | Nil | 28/2 | 127pm | 100pm | Northern Foods | 125pm | +5 |
| 77½ | Nil | 20/1 | 1¼pm | ¼pm | River & Merc. Cap. | ¼pm | |
| 105½ | Nil | 20/1 | 1½pm | ¼pm | Do. Inc. | ¼pm | |
| 113½ | Nil | 20/1 | 4½pm | 3pm | Do. Stpd. Pf | 3½pm | |
| 17½ | Nil | 20/1 | 1½pm | ¼pm | Do. Warrants | ¼pm | |
| 125 | Nil | 10/2 | ¼pm | ¼pm | Tottenham Hotspur | ¼pm | |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. ¶ Reintroduction. ♦ Unlisted securities market. ¢ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ■ Unit comprising of 5 Ords and 1 Warrant.

### LONDON TRADED OPTIONS

[illegible]

| Option | | Calls Feb | May | Aug | Puts Feb | May | Aug |
|---|---|---|---|---|---|---|---|
| Brit. Aero (*319) | 300 | 24 | 29½ | 32½ | 4½ | 23 | 26 |
| | 330 | 8½ | 14½ | 20 | 18½ | 39½ | 42½ |
| BAA (*556) | 500 | 60 | 78 | 82 | 1 | 7 | 11½ |
| | 550 | 21½ | 42 | 50 | 11½ | 22 | 26 |
| BAT Inds (*672) | 650 | 34½ | 49½ | 57½ | 10½ | 23 | 31½ |
| | 700 | 10½ | 24 | 34 | 35½ | 46½ | 60½ |
| Hawker Sidd. (*785) | 750 | 32 | 45 | – | 8½ | 16½ | – |
| | 800 | 8½ | 18 | – | – | – | – |
| Hillsdown (*164) | 160 | 11½ | 15 | 16 | 6½ | 11 | 12½ |
| | 180 | – | 6½ | 9½ | – | 24½ | 26 |
| Lonrho (*142) | 140 | 15½ | 22 | 25½ | 19½ | 23 | 28 |
| | 160 | 9 | 13½ | 17½ | 33½ | 37½ | 39 |

PUTS: Jan 3 3½ 6 10½ 19½ 41 75 117; Feb 9 12½ 18 26½ 40½ 61 91 127; Mar 18½ 22½ 30½ 41½ 56 76½ 103 136; Apr 27½ 34½ 44½ 59 73 92½ 118 150; Jun 36½ – 60½ – 88 – 134 –; Dec† 65 – 83 – 120 – 165 –

January 16 Total Contracts 41,447 (51,352) Calls 28,718 (32,197) Puts 12,729 (19,155) FT-SE Index Calls 3,334 (4,120) Puts 2,621 (6,306) Euro FT-SE Calls 30 (296) Puts 35 (1,305) Eurotrack 100 Index Calls 0 (0) Puts 0 (0) *Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices. Volumes for January 15 are shown in brackets.

### TRADITIONAL OPTIONS

● First Dealings Jan. 6
● Last Dealings Jan. 17
● Last Declarations Apr. 2
● For settlement Apr. 13

3-month call rate indications are shown on this page.

Calls in: Amber Day, ASDA, Conroy Pet., Dowty, Flextech, Lonrho, Medeva, Tarmac. Put in: Hazlewood Foods. Put & Call: LWT & Reuters.

### TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS p: Allied-Lyons 50; Amstrad 4; Astec (BSR) 5; BAT Inds 48; BOC 48; BTR 33; Barclays 24; Blue Circle 18; Boots 33; Bowater 54; Brit Aerospace 18; British Steel 5; Brit Telecom 25; Cadburys 34; Charter Cons. 42; Comm Union 34; Courtaulds 40; Eurotunnel 40; FKI 5; FNFC 5; Forte 20; GKN 24; Gen Accident 37; GEC 15; Glaxo 64; Grand Met 70; GRE 11; Hanson 15; ICI 22; Ladbroke 19; Legal & Gen 30; Lex Service 16; Lloyds Bank 24; Lonrho 18; Lucas Inds 11; Marks Spencer 22; Midland Bank 17; NatWest Bank 21; P & O Dfd 35; Racal Elect 4½; RHM 20; Rank Org 47; Ratners 6; Reed Intl 42; Sears 8½; SmKl Bchm A 70; TI 41; TSB 9; Tesco 15½; Thorn EMI 58½; T & N 10½; Unilever 78; Vickers 13½; Wellcome 80

■ PROPERTY: Brit Land 20½; Land Sec. 36; MEPC 33; Mountleigh 3

■ OILS: Aviva Pet 1½; BP 30; Burmah Castrol 38; Conroy Pet 4; Gaelic Res ½; Premier Cons 4; Shell 41; Tuskar Res 1½

■ MINES: RTZ 38

# QED first possible MBO from MCC

**By Andrew Jack**

QED TECHNOLOGY, a systems integrator and software supplier for the publishing industry, could be among the first management buy-outs from Maxwell Communication Corporation, it emerged yesterday.

Mr Charles Croker, QED's managing director, said he had been told by Price Waterhouse, administrator to MCC, that non-core businesses like his "could be for sale".

The news came the day after Mr Jonathan Phillips, one of the joint administrators of MCC, told Norsk Data, the Norwegian mini-computer group, that an offer from QED made last August to buy one of its loss-making subsidiaries could not proceed.

However, Norsk Data confirmed that it was still willing to sell ND Comtec, the subsidiary, to QED if the sale could take place before the end of January. The offer depends on QED's ability to buy itself out from MCC before then.

Mr Svein Sognen, executive vice-president at Norsk Data, said that a US, a UK and a Norwegian company were also interested in buying the subsidiary.

ND Comtec, which also provides software to the publishing industry, was to be sold to QED last November for an undisclosed sum. But Mr Croker said MCC refused to approve the deal at the last minute.

It has also emerged that Berlitz International, MCC's language training and travel publishing company, has been removed from the "M&O" group of companies controlled by Mr David Shaffer under the joint US/UK administration procedures agreed on Wednesday. M&O is the vehicle under these joint proceedings to handle Macmillan, Official Airline Guides and 15 other subsidiaries of MCC.

The announcement came after a hearing in the New York southern district bankruptcy court that approved arrangements governing the control of MCC jointly under UK administration and US Chapter 11 bankruptcy legislation.

Five US banks have claimed ownership of most of the 55.6 per cent stake in Berlitz that is also claimed by Macmillan. Mr Shaffer said it would not be appropriate for Berlitz to be within M&O while there was dispute over its ownership.

Credit Suisse, Swiss Volksbank, Advest of New York, Morgan Stanley and Shearson Lehman are believed to claim ownership of the Berlitz shares as collateral for loans extended to companies within the Maxwell empire.

The previous order governing control of MCC had been ratified in the UK and US courts for just two weeks and was subject to approval by the group's creditors.

● Nimbus Records pension funds, UK and US, have not been part of the MCC pensions funds since the company's acquisition by MCC in December 1987.

# Paris Match to withdraw autopsy pictures

A PARIS court has ordered Paris Match magazine to withdraw an issue featuring autopsy photographs of Mr Robert Maxwell and allegations that he was hit before his death, Reuter reports from Paris.

The court, acting at the request of Mrs Elizabeth Maxwell, the media magnate's French-born wife, issued an interim injunction late on Wednesday also ordering the weekly to pay FFr100,000 (£10,300) provisional damages to Mrs Maxwell.

"The publishers of Paris Match went beyond the limits of the freedoms of speech," the court ruled.

The court also ordered bailiffs to ensure that the offending issue, published last week, was removed from news stands. As Paris Match comes out on Thursdays, most of last week's issues would have been removed anyway.

The autopsy photographs were accompanied by what the magazine said was a partial transcript of a conversation between Israeli and British pathologists who examined Maxwell's body in Tel Aviv before his burial in Jerusalem in November.

Paris Match quoted French specialists as saying the body showed numerous traces of blows before death. Dr Iain West, one of the British pathologists involved, dismissed the allegations as nonsense.

In its latest issue, Paris Match said it had spoken to the three Israeli pathologists in Tel Aviv who were under orders not to talk.

# Dossiers built up on supposed opponents

**By Jimmy Burns**

MR ROBERT Maxwell ordered detailed investigations, including the build-up of personal dossiers, to be carried out by his personal security staff on any individual or organisation he claimed to be libelling him, even though some of the alleged libel has subsequently proved to be true.

The security staff, which included a former Scotland Yard chief superintendent, worked closely with lawyers and some Mirror Group Newspapers journalists but reported directly and were answerable only to the late Mr Maxwell.

A highly-placed source, who worked closely with Mr Maxwell, detailed the scope and scale of Mr Maxwell's apparent paranoia as business associates and others began to probe deeper into his financial activities.

"For the last 2¼ years we worked very closely with our legal department . . . we carried out investigations on behalf of the legal department . . . we would make up a file on an individual who had made the libellous claim in the first place . . . very often they were journalists."

According to the source, Mr Maxwell also "on occasions taped his own conversations" and ordered the investigations to be extended to business associates, although these tapes are believed to have been destroyed.

It is understood that Mr Maxwell's suspicions about some of his associates continued in spite of being advised by his security staff that there was no evidence to substantiate his allegations.

"Mr Maxwell was concerned about certain people and their loyalties . . . he believed that there were some people who were leaking information . . . very often people were unaware of what was going on around them," the source said.

Following Mr Maxwell's death, the Daily Mirror published a series of reports alleging that Mr Maxwell's security staff bugged Mr Lawrence Guest, Mirror group finance director, and executives of two other Maxwell-owned companies.

The alleged basis for the reports is believed to be the subject of an investigation by the City of London Police, which seized documents from the offices of the security staff.

A senior editorial executive of the Daily Mirror said this week that part of the anger behind the newspaper reports stemmed from the alleged fact that colleagues had not been able to use the services of the security staff for their own investigations.

However, according to the source close to Mr Maxwell, the security staff did provide some investigative journalists employed by Mirror Groups Newspapers with equipment and training.

Mr John Pole, former director of group security for Maxwell Communication Corporation, said last night that he was not prepared to comment about the activities of his department pending a police inquiry.

# TVS to sell 50% stake in CBS/MTM studios for $27m

**By Gary Mead, Marketing Correspondent**

TVS ENTERTAINMENT is selling its 50 per cent interest in the CBS/MTM studios to the Walt Disney company for $27m (£15m) cash.

Mr Rudolf Agnew, chairman of the television company which loses its broadcast franchise for the south of England at the end of 1992, said: "We want to continue as an independent producer. It's early days to know exactly how that will work out, but as an independent producer we don't need to own our own studios.

"This sale is therefore a further attempt to strengthen our balance sheet."

Mr Agnew pointed out that CBS had a 30-day option to buy TVS's holding in MTM, though he was not aware of any plans to exercise it.

The 30 studios, in which the stake is being sold, are spread across a 39-acre site in Los Angeles. They incurred a pre-tax loss of £800,000 in the year ending December 31 1990.

Last November, after learning it was to lose its franchise, TVS decided to cut its regional programmes by two hours a week, 14 per cent, to the minimum 12½ hours required. The group's 800 staff are facing a phased redundancy plan.

At the time, TVS said that its bankers had reaffirmed its bank facilities until the end of the franchise. TVS has a US facility of about $85m, which was organised by Chemical Bank. TVS's indebtedness prior to yesterday's announcement stood at £75.8m.

Last December, the compan's application to the High Court for leave to seek a judicial review of the Independent Television Commission's decision was turned down on the basis that it waited too long before mounting a challenge.

The south of England franchise was awarded to Meridian Broadcasting last October, even though TVS outbid Meridian by more than £20m.

# Markheath incurs £459,000 loss

**By Jane Fuller**

MARKHEATH, the property group, incurred a pre-tax loss of £459,000 in the six months to September 30 1991 and is cutting its interim dividend from 2p to 0.5p.

The group is 60 per cent owned by the Australian Adelaide Steamship Group which is being refinanced.

Markheath's figures for the first half of last year, showing a pre-tax profit of £6.6m, were not comparable because of the contribution from Camford Engineering, a motor components company which has since been sold.

That sale, completed in May 1991, helped to cut debt from £95m in March to £62m in September. Mr Paul Bobroff, managing director, said it had gone up by about 10 per cent since then because of a purchase and dividend and tax payments.

Turnover plummeted to £3.8m (£74.5m) and mainly comprised the sale of two properties previously owned by Camford. The loss, after paying £1.05m interest, was £2.49m, offset by just over £2m income from properties and dividends. Losses per share were 0.19p (earnings of 3.59p).

Mr Bobroff said a further £2.6m of interest was capitalised. With rental income of £2.8m this year and at least £3.7m next year, the group was moving closer to a balance between rental income and total finance costs.

"We are not selling property into a bad market and we are comfortable with our portfolio, which is either completed tenanted buildings or development sites. We have no developments in progress."

The main opportunity for the group remained in Kings Park, Stevenage, a 22-acre site. About £1.5m was being spent on infrastructure work and discussion were taking place with international companies to pre-let substantial parts of the development.

# Wellcome faces protest on price of Aids drug

**By Daniel Green**

A group of Wellcome shareholders will try to freeze dividend payments and force down the price of Retrovir, the Aids treatment, at the company's annual meeting today.

The Wellcome Independent Shareholders Association (Wisa) conceded that it would not succeed but that "in future they may lower the price."

Wisa has "about 60" members, all small shareholders. It has links with shareholders in other countries including the US, where a well-established Aids lobby has been campaigning for several years to reduce the price of the drug.

Wisa is expecting protests at the meeting from Actup, another Aids lobbying group.

# Olivetti jobs go as two UK subsidiaries merge

**By Alan Cane**

OLIVETTI Office and Olivetti Systems and Networks, two UK operating subsidiaries of Olivetti, the Italian office equipment and computer maker, are to be merged into one company with the loss of some 65 jobs, about 4 per cent of the workforce.

The move is part of a worldwide reorganisation Olivetti is putting in place to deal with declining sales and profitability. The new company, with headquarters in Putney, London, will be called Olivetti UK and be run by Mr Paolo Tosi, formerly managing director of Olivetti Systems. Mr John Kernick, ex-managing director of Olivetti Office, has left the company.

Until 1990 the company was known as British Olivetti in the UK, to play down its Italian parentage; in that year it was divided into the office division, dealing with low end personal computers and typewriters, and Systems, dealing with computer systems in anticipation of a growing market for computer equipment.

The recession in the US and Europe, coupled with a significant decline in the price of computer hardware, has meant that the market has shrunk rather than grown. Olivetti said earlier this week its sales last year declined by about 5 per cent.

While the group worldwide has almost certainly incurred a loss, the UK subsidiary performed well, with pre-tax profits of £4m on sales of £75m at the half way mark.

# Single premium business ahead by 19% at CU

Commercial Union reported a 19 per cent increase in new life assurance and pensions business during 1991.

In common with Prudential, which announced new business figures earlier in the week, most of the gain came from single-premium business which increased 19 per cent to £597.8m.

There was a 9 per cent increase to £146.3m in annual premiums, which are seen as being more vulnerable to a recession.

Single premiums to personal pensions accounted for much of the rise, while new annual premiums for life policies fell by 2 per cent.

Mortgage-related business also increased slightly to £18.1m, despite the depression in the housing market.

# Microgen declines by 14% to £7.3m

Unexpectedly high costs in its UK business hit profits at Microgen, the information services company, which yesterday revealed a 14 per cent decline to £7.3m in its pre-tax return for the year to October 31. Turnover was £47.7m, against £47.1m.

Mr Douglas Lee, chairman, said: "Costs and capital expenditure had been allowed to run ahead of income during the recession." Microgen has also been unable to dispose of some unoccupied UK premises, which is costing the group £525,000.

Mr Lee said the group was making good progress in cutting costs.

In Scandinavia, which he said had been hit even harder by recession than the UK, the Capella subsidiary had won the group's largest-ever contract. The deal with a leading Finnish bank was expected to produce revenue of about £3m a year.

During the year, Microgen sold its office equipment and supplies business in Sweden for £1.4m.

Earnings per share, before an extraordinary gain of £189,000, fell to 12.2p (13.5p). The final proposed dividend is maintained at 4.8p, making an unchanged total of 7p.

## Blacks Leisure buy

Blacks Leisure is paying £1.9m in shares for Quasersport, a new company which owns the Quaser brand of sports footwear and accessories.

## COMPANY NEWS IN BRIEF

**FORTE** is to spend £12.5m on refurbishing the Waldorf, in London's Aldwych, to "return it fully to its Edwardian spendour." The hotel will continue to trade during the work.

**IMI** is acquiring Walter, Switzerland's leading maker of pneumatic valves and cylinders. It achieves sales of £12m and had net assets of £4.4m.

**NO PROBES:** the following acquisitions are not being referred to the Monopolies and Mergers Commission: WH Smith of 50 per cent interest in Virgin Retail; Colgate-Palmolive of assets of Pfizer, namely the Plax mouthwash business outside the US.

**PACER SYSTEMS** is acquiring Computer Applications Software Technology, a US maker of high precision navigation systems, and simulation, test and integration systems for the Global Positioning Systems market. Pacer will provide $250,000 working capital. Consideration for the common shares is $6,526 and contingency payments up to $760,700 payable.

**STEEL BURRILL Jones Group:** Applications in respect of the open offer of new shares in connection with the acquisition of Regis Low Holdings have been received in respect of 3.81m shares (53.4 per cent).

**TELFOS:** Jenbacher has acquired or contracted to acquire more than nine-tenths in value of Telfos' ordinary shares to which the ordinary offer related. Neither the preference nor warrant offer will be increased and each will close on January 24. The ordinary offer remains open until January 20.

**TT GROUP** has acquired trading assets of BAS Aircraft and Peter Abbott for £700,000 cash. The two companies, which distribute fasteners and associated components to the aerospace and related industries, achieved turnover of £2.7m in 1990-91.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres-ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|
| Devenport Vernon ....fin | 2.5 | Apr 2 | 2.5 | 4 | 4 |
| French (Thomas) .....fin | 2.175 | Mar 13 | 2.175 | 3.625 | 3.625 |
| Hampson Inds ........int | 0.6 | Mar 10 | 0.6 | - | 2.373 |
| Investment Co ........int | 0.375 | Mar 20 | 0.375 | - | 1.15 |
| Lookers .................fin | 4.2 | Apr 30 | 4.2 | 6.2 | 6.2 |
| Markheath ..............int | 0.5 | Apr 2 | 2 | - | 4 |
| Microgen ...............fin | 4.8 | Apr 6 | 4.8 | 7 | 7 |
| PWS .......................fin | 2.5 | Apr 6 | 2.2 | 4 | 3.5 |
| Selective Assets......fin | 0.825 | Apr 6 | 0.75 | 0.825 | 0.75 |
| Stanley Leisure .......int | 1.9† | Feb 21 | 1.8 | - | 4.85 |
| TSB .........................fin | 3.25 | Mar 30 | 3.25 | 6.4 | 6.4 |
| Witan Investment.....fin | 2.8 | Mar 11 | 2.5 | 5.3 | 4.75 |

Dividends shown pence per share net except where otherwise stated. †On capital increased by rights and/or acquisition issues.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

**TODAY**

Interims- Abtrust Scotland Inv, Lazard Select Inv Trust, Micrelec, Peel, Sutcliffe Speakman.
Finals- Kunick, LPA Inds, St Andrew Trust.

**FUTURE DATES**

| | |
|---|---|
| Interims- | |
| BCE | Jan. 21 |
| Sirsa | Jan. 21 |
| GT Venture Inv | Feb. 15 |
| Finals- | |
| British Aerospace | Feb. 19 |
| Caldwell Invs | Jan. 27 |
| Securiguard | Feb. 3 |

# Witan net asset value rises 17%

The net asset value per ordinary share of Witan Investment amounted to 178.8p at December 31 1991, a 17 per cent improvement on the 153.3p figure of a year earlier.

The net asset value of the warrants improved from 76.8p to 102.3p over the same period.

Revenue before tax for the year grew by £1m to £26.3m. A final dividend of 2.8p (2.5p) is proposed making a total for the year of 5.3p (4.75p). Earnings per share came out at 5.67p (5.4p).

Lord Faringdon, chairman, attributed the rise in net asset value to a cautious investment approach under difficult stock market conditions.

## PUBLIC WORKS LOAN BOARD RATES

Effective January 15

| | Quota loans* | | |
|---|---|---|---|
| Years | EP† | A†† | maturity§ |
| 1 | | | 10⅝ |
| Over 1 up to 2 | 10⅝ | 10⅝ | 10⅝ |
| Over 2 up to 3 | 10⅝ | 10⅝ | 10½ |
| Over 3 up to 4 | 10½ | 10½ | 10⅜ |
| Over 4 up to 5 | 10½ | 10½ | 10⅜ |
| Over 5 up to 6 | 10⅜ | 10⅜ | 10½ |
| Over 6 up to 7 | 10⅜ | 10⅜ | 10½ |
| Over 7 up to 8 | 10⅜ | 10⅜ | 10⅝ |
| Over 8 up to 9 | 10⅜ | 10½ | 10⅝ |
| Over 9 up to 10 | 10½ | 10⅝ | 10⅝ |
| Over 10 up to 15 | 10⅝ | 10¾ | 10¾ |
| Over 15 up to 25 | 10¾ | 10¾ | 10½ |
| Over 25 | 10⅝ | 10½ | 10½ |

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

## UK COMPANY NEWS

# Lower overheads help Stanley edge ahead 6%

By Peggy Hollinger

REDUCED overheads helped Stanley Leisure Organisation, the betting shop, casino and snooker club group, inch ahead in the six months to October 27 1991, with a 6.4 per cent rise in pre-tax profits to £3.78m.

The improvement was struck on turnover just 3.6 per cent higher at £100.3m.

Mr Leonard Steinberg, chairman, said the difficult conditions of the first half were continuing in the second six months, with sales in the casino and racing divisions only marginally ahead of last year.

The casino division, which suffered severely from recession last year, had shown a "modest improvement".

Cost-cutting had helped boost margins, although only slightly, he said.

The spend per head – which in 1989 stood at £100 – was beginning to recover from last year's tumble and averaged about £90 in the first half.

Stanley operates 17 provincial casinos, which contribute roughly 50 per cent of annual profits.

Mr Steinberg said the group had considered buying the 19 Stakis casinos – which were taken off the block this week – but the £100m price tag had been too high.

Leonard Steinberg: 19 Stakis casinos too dear

Turnover advanced slightly in the racing division, which includes the group's 327 betting shops.

The company said about six of the shops were loss-making. Average bets still languished at last year's levels of £3.39 but margins remained steady.

Since the end of October, Stanley has purchased 25 betting shops for £4m.

The acquisition has pushed up debt, which was £29m at the end of the half. Gearing was just over 30 per cent, Stanley said.

Stanley's four snooker clubs continued to disappoint, and the group said it was prepared to sell the businesses for the right price. It is believed the clubs are making a marginal profit.

The group's loss-making printing business was sold during the six months for a book profit of £347,000.

However, this was offset against a £1.9m extraordinary charge for the goodwill written off on the business when it was purchased in 1988.

The recharging of goodwill through the profit and loss account is the result of accounting standard changes introduced before Christmas.

As a result of the extraordinary charge, the retained profit was down sharply from £1.72m to £195,000. However, Mr Steinberg stressed that, in real terms, "reserves have increased by about £2.1m".

Earnings per share rose from 6.75p to 7.28p. The interim dividend goes up by 0.1p to 1.9p.

# Lookers halved to £3.21m as new vehicle sales decline

By Jane Fuller

MOTOR DEALERS are looking for a helping hand from the Budget rather than the blows inflicted by the government last year in terms of company car taxation and VAT, according to Mr Ken Martindale, chairman of Lookers.

Pre-tax profits fell 50 per cent to £3.21m (£6.45m) in the year to September 30 as the Manchester-based dealer suffered along with others in the sector from a drop in new car sales from nearly 2m in 1990 to 1.59m last year.

Mr Martindale said: "There will be a recovery because replacement decisions have been deferred. But it depends on the Budget.

"The government might reduce car tax, and it might not have the carelessness to increase company car tax and VAT, as it did last year after 15 months of falling sales." He reckoned that new car sales might recover to between 1.65m and 1.7m this year.

Operating profit fell 22 per cent to £11m (£14.2m) on turnover of £359.6m (£370.5m). Interest costs rose to £7.8m (£7.71m).

The group incurred a retained loss of nearly £800,000. Mr Martindale said this was roughly equal to the provision made for deferred taxation following a decision to reduce contract hire.

About £25m of the group's net debt of £45m – gearing of 115 per cent – was related to contract hire. "Debt is a dirty word at the moment," he said. Gearing would be reduced particularly in 1992-93 and the year after.

The main reason for the profit fall was motor distribution, including contract hire, which contributed £5.27m after interest but before head office costs.

The group's leading franchises are Vauxhall and Rover.

New car sales were down in numbers and margin; used cars were up on both counts. Servicing and parts advanced and accounted for 70 per cent of group profits, he said.

Conditions were worst in the south-east and Mr Martindale admitted that expansion there could have been better timed – it paid £14m, mainly in convertible preference shares, for SMAC in the summer of 1989.

Profit from caravans – mainly holiday parks – slipped to £427,000 and the loss on agricultural equipment grew to £415,000.

Property gains of £513,000 (£408,000) were taken above the line.

Although earnings per share slid to 2.1p (16.8p), the final dividend is held at 4.2p for a maintained total of 6.2p.

# Finnish zinc move angers Conroy

By Tim Coone in Dublin

MR RICHARD Conroy, chairman and chief executive of Conroy Petroleum, the Irish natural resources company, claimed yesterday that Outokumpu, the Finnish mining group, had tried to obtain 100 per cent control over the marketing of zinc produced from an important ore discovery in Ireland.

Mr Conroy said that Outokumpu "had demanded that the company sign over the marketing of 100 per cent of the ore" in return for technical assistance in making an application for planning permission to develop the 6.2m tonne Galmoy ore deposit, located 70 miles south-west of Dublin.

"This could not be considered to be in the best interests of the other shareholders" he said.

Mr Graham Mascall, a senior executive of Outokumpu, confirmed yesterday that his company's offer of assistance to Conroy had been turned down, adding that a "commercial price was requested for our services".

Last month, Conroy bought out Atlantic Resources, a struggling oil and gas exploration company in a share-exchange deal valued at I£7.7m (£7.2m).

This was widely interpreted as a move to dilute stakes in Conroy held by Outukumpu's and Dundee Bankcorp, a banking offshoot of Corona International, the Canadian mining group.

This provoked anger from Outokumpu and Dundee, which together held just over 50 per cent of Conroy's shares before the Atlantic deal.

The two shareholders then demanded an EGM with the aim of ousting the Conroy board.

The EGM is scheduled for February 8.

Mr Mascall, and Mr Paul Carroll, a director of Dundee, said that their companies will "review" their investment in Conroy, if they fail in their attempt to oust the board.

Mr Conroy said yesterday: "I am prepared to talk with both companies" but claimed that they were trying "to carry out a takeover on the cheap".

Should they decide to pull out of Conroy "It might be healthy for the company" he said.

# Irksome sting on the body corporate

**Richard Waters** on a kind of greenmail by preference shareholders

IN A quiet backwater of the investment world, there are occasional windfall gains of more than 50 per cent to be made. Yet that has not stopped some investors holding out for more – as Bass, the brewer, is the latest UK company to discover. For opportunists, the returns could be substantial.

The brewery group is seeking to repay preference share capital with a nominal value of about £6.5m – insignificant in the context of its £570m rights issue last year. Its two long-standing preference share issues, each with more than 3m shares outstanding, are small and troublesome to administer: like several other UK companies in recent months, Bass has decided these historical issues are no longer worth the effort.

Next Thursday, at its annual meeting in the Queen Elizabeth Conference Centre in Westminster, holders of the preference shares will be asked to agree.

Step forward the opportunists. Bass's effort to tidy up its balance sheet relies on the agreement of preference stock holders. By withholding that agreement, there is always a chance that Bass, or any other company in the same position, would choose to pay an extra premium to resolve the issue, rather than continue as before. It is a sophisticated, and occasionally effective, form of greenmail.

Even without the additional premium, holding such preference shares can be an attractive proposition. Generally, preference stock trades on a yield of about 10 per cent. When repaid, companies are usually prepared to pay investors a gross redemption (or "exit") yield of between 6 and 6.5 per cent – a level long considered the norm by corporate financiers. It is also one which has proved acceptable to the investment protection committees of investor trade associations like the Association of British Insurers (ABI) and the National Association of Pension Funds.

The sharp reduction in yield (and hence uplift in price of the particular stock) represents a substantial capital gain. Bass' offer is no exception: holders of its 4 per cent cumulative preference shares, for instance, are being offered 57.5p per share – equivalent to an exit yield of 6.5 per cent. The shares were trading at 38p for most of the last half of 1991, according to a circular sent to shareholders.

But is that enough? Bass' articles of association – as with many other companies – require it to repay capital at par (ie, 100p). Some shareholders argue that it should honour that commitment – or at least offer something closer to par than 57.5p.

Mr Richard Male, a small holder of the shares, says that Bass has failed to alert its preference share holders to their rights under its articles of association. It is not enough to offer less than par, and to justify this as fair simply by reference to the opinion of a merchant bank.

Mr Stephen Cockburn is a specialist in preference shares. He runs three investment trusts within the Aberdeen Trust group and is adamant that Bass is short-changing its preference holders.

Mr Cockburn argues that, where the coupon on a preference issue is low, companies try to repay at a discount to par to keep in the generally accepted 6.5 per cent exit yield range. But where coupons are higher, companies never offer to repay at a premium over par, and so exit yields rise correspondingly above 6.5 per cent. The calculation never works in an investor's favour, always the company's, he says.

The 100,000 shares held by Mr Cockburn's Danae Investment Trust are unlikely to prevent Bass getting shareholder approval to repay the shares at less than par. The ABI, whose members account for the bulk of holders, has already given its approval. But others have experienced problems in the past – and may do so in future.

# Sale by Polly Peck offshoot raises $24m

By John Murray Brown

IN A further rationalisation of Polly Peck International's Turkish businesses, Vestel, its consumer electronics subsidiary, has raised $24m (£13m) to fund working capital needs with the sale of its new Istanbul headquarters.

Mr Tahsin Karan, Vestel chairman, confirmed yesterday that Garanti Bank, a privately owned Turkish bank, had bought the company's Maslak building.

Vestel paid $20m for the property in 1990 as the headquarters for all Polly Peck companies in Turkey.

The sale follows a shake-up of the board in November, and moves to sell a minority stake in the company by the administrators of Polly Peck. Vestel sold 18 per cent of its equity on the Istanbul stock exchange in 1990.

The company last year secured short-term finance from a group of banks and a $10m suppliers credit from Goldstar of South Korea.

The company is heavily dependent on imported components and has been badly hit by the collapse of Polly Peck, which in the past provided much of Vestel's short-term finance, through letter of credit.

Mr Karan said yesterday the proceeds would not be transferred to the administrators but used for working capital and to reduce gearing.

He added that the administrators were still looking for a strategic minority partner for Vestel, Turkey's largest exporter of televisions and the third largest domestic white and brown goods producer. However, he ruled out any early sale, particularly given the company's depressed price on the Istanbul stock exchange.

# Bioplan shareholders approve reverse takeover

THE PROPOSED reverse takeover of Bioplan Holdings, the private healthcare company, by Hospital Corporation International of the US was approved by Bioplan shareholders at an extraordinary meeting yesterday.

Bioplan pioneered the setting up of private medical facilities alongside National Health Service hospitals, with which it had partnership agreements.

Its shares were suspended at 44p in November, giving it a market value of £19.3m.

The suspension came less than seven months after Bioplan had raised £22.8m in a rights issue and only four months after it moved up from the USM to the main market.

Dealings in the company's shares, under its new name, Hospital Corporation International Group, will commence today.

Mr Bob Nellist, chairman of Bioplan, is remaining as chairman of the new group. Mr Dennis Sokol of HCI is to become deputy chairman and group chief executive.

Under the deal HCI shareholders will gain initial control of 45 per cent of the enlarged group.







## NEWS DIGEST

### Davenport Vernon down 27%

AN IMPROVED second half enabled Davenport Vernon, the multi-franchise motor dealer operating from 17 locations, to cut its pre-tax shortfall to 27 per cent in the year ended September 30 1991.

The profit worked through at £1.43m (£1.96m) after being 50 per cent behind at the halfway mark. Mr Ralph Denne, chairman and managing director, said the increase in activity was particularly evident between July and September, and reflected a better level of customer confidence which continued into the current year.

Although difficult conditions continued, he said "our experience at Davenport Vernon is that this recession has not been as severe as those of 1975 and 1981". Turnover was ahead to £99.7m (£94.9m) but operating profit fell to £2.54m (£3.1m). Interest charges took £1.1m (£1.14m).

Earnings per share dropped to 7.3p (10.3p) and the proposed final dividend is 2.5p for a same-again total of 4p.

### Guarded outlook as PWS improves 7%

Pre-tax profits at PWS Holdings, the Lloyd's reinsurance broker, expanded some 7 per cent over the 12 months to end-September 1991.

However, Lord Pearson of Rannoch, chairman, was guarded on current trading: "Prospects for the current year are mixed; the . . . markets in which we operate are in a state of considerable change. It is not possible to be at all definite about 1992."

The profits increase – from £2.67m to £2.86m – was achieved on turnover of £14.8m (£13.8m) and struck after interest charges reduced from £944,000 to £217,000.

Earnings per share emerged at 9.2p, down from 9.5p reflecting increased capital after the previous year's rights issue. A final dividend of 2.5p is recommended, making 4p (3.5p).

### Selective Assets value falls

At the end of 1991 net asset value of Selective Assets Trust, which is aimed is long-term capital growth, stood at 126.5p per share.

That compared with 138.8p six months earlier, and with 107.4p at the end of 1990.

Nearly 33 per cent of the portfolio was in the UK, 28 per cent in the US, and 9.3 per cent in the Far East.

Total income for the year fell from £2.93m to £2.69m. Earnings dropped to 1.4p (1.76p) but the dividend is lifted to 0.825p (0.75p).

### Net asset value rises at Investment Co

Net asset value for the Investment Company improved from 32.8p to 36.65p over the six months to September 30. A year earlier the figure had been 32.09p.

Total income for the half year was £635,000 (£668,000) for pre-tax profits of £592,000 (£589,000) including profit on changes of investments of £28,000 (£22,000).

Earnings per share were 1.47p (1.49p) and directors declared an unchanged interim dividend of 0.375p.

### Thos French doubles to £753,000

Thomas French & Sons, which makes decorative products for home furnishing including Rufflette curtain tape, showed a measure of recovery in the year to September 28 1991, doubling its pre-tax profit from £388,000 to £753,000.

However, that was still somewhat short of previous years – £2m for 1988-89 and £1.5m in the preceding period.

Sales fell from £18.5m to £13.7m but trading profit improved from £820,000 to £941,000. About 26 per cent of the sales ecline was the result of withdrawing from some business areas, and 7 per cent was attributable to continuing businesses.

But, said Mr Jeremy French, chairman, that potentially damaging reduction was more than countered by cost-cutting measures, to the extent that sales per employee increased 12 per cent and profit per employee almost trebled.

Interest costs were cut substantially to £188,000 (£453,000), stemming from tight control of working capital and investment and the sale of the surface heating business. Net borrowings were virtually nil at the year-end, Mr French stated.

Earnings per share came to 4.41p (1.93p). The final dividend is again 2.175p for an unchanged total of 3.625p.

### Hampson still waiting for recovery

Hampson Industries, the West Midlands-based industrial company, said it was still awaiting a recovery as it reported interim pre-tax profits down by 39 per cent.

However, Mr John Wardle, chairman, said the second half should return to normal patterns and show a marked improvement. Though he added that it would owe nothing "to any vague hopes of an improvement in the economic scene".

Profits for the six months to September 30 were £1.62m (£2.64m) on turnover of £37.1m (£36.6m). Earnings per share came out at 1.36p (2.48p) basic or 1.45p (2.38p) diluted and the interim dividend is unchanged at 0.6p.

### Northern Industrial makes £215,000

In the half year to September 30 1991 Northern Industrial Improvement Trust virtually maintained pre-tax profits at £215,000, compared with £220,000.

Earnings per share were 12.41p (12.62p). Directors anticipate that the interim dividend to be paid in July would be similar to the previous 7p.

Investment income totalled £190,000 (£182,000) and net rents came to £5,000 (£8,000). Realised and unrealised surpluses on sales and revaluations of properties and investment were credited direct to general reserve.

### Restructuring hits Norbain Electronics

The restructuring at Norbain Electronics, aimed at focusing on the security market, affected the performance in the half year to October 31 1991.

Sales fell 29 per cent to £5.75m (£8.14m) while pre-tax profit slumped 84 per cent to £33,000 (£205,000). Earnings per share came to 0.33p (2.06p).

The results reflected the disposal of the Technology division and an increase in bad debts.

Despite difficult trading conditions turnover for the remaining security business remained level with last year.

The improvement in the underlying sales trend, together with an estimated temporary decrease in the CCTV market size of 15 per cent, meant the group had substantially increased market penetration and turnover for its core security business. Gross margins were being maintained.

### SW Wood issue to fund £3m expansion

SW Wood, the metals trader which recently diversified into packaging and printing with August's acquisition of Proofed Packaging Printers, has made another purchase in the sector.

It has acquired Grange Group, a specialist magazine printer, for an initial £1.37m cash and the issue of 2.34m new ordinary shares. At Wednesday's closing price of 72½p, the aggregate consideration is £3.06m. Further consideration, up to a maximum of £1m, is dependent of Grange's pre-tax profits in 1992 and is payable in cash or shares, as Wood chooses.

Wood is financing the initial cash element of the acquisition with a placing and open offer of 3.91m new ordinary shares at 65p apiece to raise £2.1m net. The offer is on a 1-for-2 basis. The balance of the proceeds will increase cash resources.

Grange made pre-tax profits of £278,000 in the nine months to September 30 1991 and net assets were £872,000 at that date. More than half its current turnover derives from regular journal work from publishers such as Euromoney, Centaur and International Thomson.

### Technology Hldgs up 51% to £5.3m

Careful control of cash and overheads boosted pre-tax profits at Technology Holdings by 51 per cent in the year to June 30 1991.

Profits for this computer distributor, systems supplier and computing services company, were £5.3m (£3.5m) on sales ahead to £130.2m (£127.2m).

Privately held, the company was formed by a management buy-out from MBS, the computer distributor, in February 1989. Retained profit for the year totalled £7.08m (£3.52m) after taking into account an extraordinary gain of £2.04m through the redemption of a vendor loan note.

The final dividend is 2.5p for a total of 8.1p.

Mr Derek Lewis, chairman and managing director, said that comparatively flat revenue growth hid a number of changes as the business was redefined.

High volume, low profit services were dropped in favour of products and services offering higher margins.

Mr Lewis said distribution now comprised less than 20 per cent of turnover and about 3 per cent of profit.

### Group Development lifts net asset value

Net asset value of Group Development Investment Trust rose from 34.5p to 39.5p in the year to September 30 1991.

Net revenue amounted to £55,606, against £44,777 in the previous year, giving earnings per 10p share of 0.23p (0.19p).

The single distribution for the year is up to 0.24p (0.2p).

### Unilever acquires Hungarian group

Unilever, the Anglo-Dutch consumer products company, has made its first investment in food manufacturing in eastern Europe by acquiring the ice cream operations of VMTV, a Hungarian state-owned dairy group.

No price was disclosed but Unilever said it planned to invest $10m (£5.5m) in the Hungarian business, to increase production capacity five-fold by next year and develop a national distribution system.

VMTV began importing Unilever ice cream from Austria last spring, since when the companies' combined sales have amounted to about 3m litres. Hungary's total ice cream consumption is about 30m litres a year.

### Chartwell makes just £41,000

Chartwell Group, a maker of floor coverings, suffered from deteriorating trading conditions and saw turnover fall from £8.24m to £6.09m and pre-tax profit from £564,000 to £41,000 in the half-year ended September 30 1991.

The results include sales of £1.49m and losses of £51,000 attributable to Plasmarc, which has since been sold for £675,000.

Directors said the disappointing results stemmed from the recession in general and the severe slump in the construction industry. There was little sign of recovery, they added.

Earnings per share amounted to 0.4p (5.9p).

## COMMODITIES AND AGRICULTURE

# Aluminium leads advance in base metals markets

By Kenneth Gooding, Mining Correspondent

THE PRICE of aluminium, which usually leads metals in and out of recessions because it is used in such a wide variety of products, rose steeply again yesterday, recording an advance of 8 per cent in two days.

This triggered rises in other base metals prices on the London Metal Exchange but most analysts suggested the movement was based on technical factors and not by fundamental changes in outlook, which was still grim.

The nickel market did have some news to chew over, however, because a local newspaper in the town of Nikel on the Kola peninsula quoted Mr Boris Yeltsin, the Russian President, as saying the huge nickel complex in the area should be closed because it was uneconomic.

Analysts pointed out that Mr Yeltsin said this should happen after Russia switches to a free market economy and that that could take a very long time. They also doubted whether Russia would easily give up such a large foreign currency earner.

Nickel's three-month price on the LME last night closed $195 a tonne up at $7,597.50.

Aluminium's price moved up from $1,140 a tonne early on Wednesday to a peak of $1,230 yesterday before easing back to close at $1,211.50, up $23. Analysts suggested that commodity investment funds were active in the aluminium market this week and this attracted some speculators.

There was also some selling by producers. Mr Robin Bhar, analyst at Carr Kitcat & Aitken, part of the Banque Indosuez Group, said this indicated that "aluminium producers feel that the market will get worse before it gets better."

However, Mr Nick Moore, analyst at Ord Minnett, a Westpac banking group subsidiary, said there were good reasons to believe that, for aluminium, "from here on things don't get worse, they get better." It was typical of aluminium "to recover early and powerfully" from recession.

● The LME said again yesterday it would continue to monitor the zinc market closely because of the technical tightness for metal for delivery in February. But it lifted the £25 a tonne daily limit on the copper backwardation imposed on December 3.

# Zinc missing from statistics

By Kenneth Gooding

NEARLY 100,000 tonnes of zinc *cannot be accounted for by* preliminary 1991 statistics drawn up by the International Lead and Zinc Study Group and some of it is likely to show up in stocks early this year.

Already by mid-January London Metal Exchange stocks showed a rise of 6,000 tonnes and the ILZSG points out that this covered only Special High Grade zinc and excluded any warehouse stocks of High Grade or GOB (Good Ordinary Brand) metal, which go unreported.

The organisation also suggests that "consumption in some countries may prove to *be slightly higher than the* preliminary assessments when consolidated annual data are fully complete".

Preliminary figures indicate that zinc consumption last year fell by 58,000 tonnes or 1.1 per cent to 5.2m tonnes while both mine and refined metal output advanced to new records: mine production was up by 127,000 tonnes or 2.4 per cent to 5.473m while refined metal moved up by 113,000 tonnes or 2.2 per cent to 5.298m tonnes.

Zinc supply was again swollen by large exports to the west from the former eastern bloc *countries. Net exports* rose from 39,000 tonnes in 1990 to 80,000 tonnes.

Taking this into account, total apparent supply exceeded consumption by about 170,000 to 180,000 tonnes. In 1990 there was a supply deficit of 68,000 tonnes.

However, compared with the indicated supply surplus of at least 170,000 tonnes last year, reported stocks at the end of 1991 were up by only 74,000 tonnes to 624,000 tonnes. The ILZSG is now start trawling through the statistics for the "missing" tonnage.

# US company plans Russian gold search

CYPRUS MINERALS, the second-largest US copper producer, hopes to be the first American company to go mining for gold in the newly independent Republic of Russia, writes Kenneth Gooding.

However, Cyprus says suggestions that its Cyprus Gold subsidiary is ready to invest $50m on a joint venture in Russia's main gold producing region, Magadan in the far east of the Republic, are very wide of the mark.

Mr Michael Rounds, a Cyprus official, said: "We have been negotiating with the Russians since October, 1990, but there is still a great deal of work to be done before we get any agreement. It is certainly much too early to put a dollar amount on any proposal".

He was responding to a report by Russia's Interfax news agency quoting Mr Ilya Rozenblum, president of Geometall, with which Cyprus has been negotiating.

Mr Rozenblum was quoted as saying a joint venture with Cyprus would re-work two gold deposits that had not been very profitable when Soviet methods were used. He said, however, success of the venture would depend on the Russian government allowing Cyprus to keep 25 to 30 per cent of the gold – but the agency gave no indication of expected output.

# India decides to import wheat

By K.K. Sharma in New Delhi

THE INDIAN government decided yesterday to import 1m tonnes of wheat to bring down the price of the grain in the open market.

Wheat prices have been rising in India despite releases from the official stocks for the public distribution system. This is thought to be because farmers and distributors have been hoarding stocks.

The surprise decision was taken by the cabinet committee on prices and will mean that India, which is a surplus grain producer, will become an importer again after many years.

India has substantial stocks of wheat, thought to be over 5m tonnes. This figure is bound to increase with the harvesting of the winter grain crop, which is expected to be bumper one.

The import plan highlights the determination of the government to check inflation, running now at 14 per cent.

# Oil prices rally on hopes of output cuts

By Deborah Hargreaves

OIL PRICES bounced back yesterday as the market was cheered by willingness among producers from the Organisation of Petroleum Exporting Countries to shave output. The price of North Sea Brent crude oil for March delivery was 22½ cents higher at $18.12½ a barrel.

*The market has risen by* almost $2 a barrel so far this week following successive announcements from Opec members that they would cut output. The cuts of some 50,000 barrels a day each are nominal, but the co-operation between producers has led the market to hope that agreement will be reached swiftly to make more meaningful cuts at February's meeting.

Nigeria became the latest Opec member to signal its unwillingness to accept lower prices yesterday when oil minister, Mr Jibril Aminu, said the country would cut back by 50,000 b/d. Nigeria followed the lead by Venezuela last week and the announcement by Libya on Tuesday that it would cut 30,000 b/d.

Algeria also indicated yesterday it would be willing to make a voluntary cut in output. The oil market is, in part, reacting to uncertainty cast over Algeria's oil sector by the country's political problems and the rise of religious fundamentalism, which could put off western investors.

The smaller producers who called for an emergency Opec meeting when prices tumbled late last year, are giving a clear signal to Saudi Arabia, the export leader, that they will co-operate with production cuts. Saudi Arabia, Opec's largest producer, is unwilling to carry the burden of cutting back alone.

Oil prices in New York rose by some 40 cents to $19.36 a barrel for the March futures contract in late trading yesterday.

# Guyana to meet sugar quota

By Canute James in Kingston

AFTER DECLARING shortfalls on its European Community sugar export quota for the past three years, Guyana expects to meet the 167,000 tonnes quota in full this year, according to government officials.

The quota, to be delivered by the end of June, will be supplied from a better-than-expected second harvest last year, which yielded 115,000 tonnes, and from this year's first harvest.

# Saudis give green light to NZ sheep

By Kevin Brown in Sydney and Terry Hall in Wellington

NEW ZEALAND appears poised to increase its profitable live sheep trade with Saudi Arabia following successful talks on health regulations with the Saudi government. New Zealand has emerged as the main exporter of live sheep to Saudi Arabia since exports from Australia began to decline in 1989 following Saudi complaints about the health of some animals.

Mr John Falloon, the New Zealand agriculture minister, said the talks had been complex and difficult, but had *resulted in an understanding* that would allow the trade to continue.

New Zealand sent 1.6m live sheep to Saudi Arabia last year, including 500,000 intended for the Haj religious festival. Exports are likely to increase this year in the absence of competition from Australia.

The trade has been an important success story for New Zealand farmers at a time when many have suffered financial hardship as a result of falling wool prices, mostly caused by over-production in Australia.

Live sheep have also helped to offset falling Middle East demand for exports of New Zealand sheep carcasses, which fell to 43,000 tonnes in 1990-91, compared with 150,000 tonnes in 1986-87. However, the live sheep trade remains prone to interruption because of Saudi sensitivity to real or perceived health problems, in spite of strenuous New Zealand efforts to guarantee the condition of the animals.

The trade is directly controlled by the New Zealand government, which sends two veterinarians with each shipment, and allows only one shipload to be on the water at any time.

New Zealand sheep sold into the trade also tend to be young animals, which are better able to cope with the stress of the journey than the older wethers (castrated males) usually shipped to the Middle East from Australia.

Officials say this is because of the structure of the New Zealand sheep industry, which is more geared to lamb production than the fine-wool-oriented Australian industry.

Mr Falloon said relations with Australia's primary industries ministry remained good, in spite of the effective transfer of the Saudi trade from Australia to New Zealand.

Officials in Canberra said Australia expected exports to Saudi Arabia to recommence following talks now taking place, but there is little hope of an early resumption.

"We have endeavoured to use all reasonable channels to negotiate with the Saudis, and we have found that extremely difficult. We go through stages where there are glimmers of hope, and stages where there is not. Right now the talks are still going on, but we are not optimistic," said an official.

The live sheep trade was worth about A$200m in export revenue to Australia at its peak in 1988, of which about half was accounted for by exports to Saudi Arabia. Problems began in 1989, when shipments were rejected after the Saudis claimed some sheep were infected with the deadly disease blue tongue or brucellosis, which causes abortions.

Australian officials claimed blue tongue did not exist in Australia in its clinical form (although the virus which causes it has been detected in *some flocks), and* pointed out that all the sheep alleged to be suffering from brucellosis were males.

However, Saudi complaints continued, mostly in relation to less serious diseases such as pink eye, a form of conjunctivitis, and scabby mouth, a viral disease which in some circumstances can be contracted by humans.

Officials say Australia is keen to reach an accommodation with Saudi Arabia, but has so far been unable to agree on a health regime that is acceptable to both sides.

Live sheep sales to other Middle East countries have not been affected by the dispute with the Saudis, and Australia remains a major exporter to Kuwait, Qatar, Bahrain and the United Arab Emirates.

**Australian Live Sheep Exorts (millions, 1988 – 1991 average)**

| | Saudi Arabia | Other Middle East | Total |
|---|---|---|---|
| 1991* | – | 3.6 | 3.7 |
| 1990 | 0.9 | 2.6 | 3.5 |
| 1989 | 2.0 | 3.3 | 5.4 |
| 1988 | 3.5 | 3.4 | 7.0 |

Source: Australian Government

# Four sites short-listed for £25m abattoir

By Anthony Moreton, Welsh Correspondent

FORTEX, THE rapidly-growing New Zealand meat-processing company, is to set up a £25m abattoir and meat plant in Europe.

It has identified four sites and will make a decision in May. The front runners are thought to be Welshpool in Wales and Lockerbie in Scotland. Fortex is also looking at a site in the West Midlands and a fourth thought to be on the continent. The plant would employ 750 full- and part-time workers and Mr Glyn Davies, chairman of the Development Board for Rural Wales, said in Newtown yesterday that "the scale of this proposal is so enormous, and the impact on the UK lamb market could be so dramatic, that it needs to be very carefully considered."

The plant would essentially handle lamb and other sheep products.

Under European Commission regulations that come into operation in January 1993 a big shake-up will take place in the meat-processing industry. Many small abattoirs, unable to meet more stringent health regulations, will close, putting at risk the ability of producers to sell their stock to the supermarkets under their own labels. There are 60 abattoirs in Wales but it is thought that next year as few as four will meet the health regulations.

Some 2m lambs from Welsh farms are already slaughtered outside Wales and many of the 2m slaughtered within the country would, without the Fortex investment, then have to be sent, live, to other abattoirs around Britain. Under present rules these could no longer be sold as Welsh lamb. Lamb can only be sold under a generic label – Welsh lamb, Devon lamb – if it is slaughtered in the area.

Forex has grown rapidly since it was set up 5 years ago and now has a turnover of £100m. It has about a fifth of the New Zealand market and would probably want to use a British food-processing plant for some exports to the EC. A new plant would allow New Zealand not just an entry into Europe but also a foothold in an expanding sector.

# Plunge continues in UK farmers' incomes

By David Blackwell

UK FARM INCOMES plunged by 14 per cent last year to £1.22bn, according to the Ministry of Agriculture's annual report.

The figure, which reflects income for farmers and their spouses, compares with £1.5bn in 1989 and a peak of more than £2bn in 1984.

Total income from farming, which includes earning attributable to partners, directors and other family workers, fell by 6 per cent to £2.17bn.

Mr John Gummer, the minister of agriculture, said 1991 was not an easy year for British farmers, who continued to face uncertainty over the reform of the Common Agricultural Policy and the Uruguay round of the General Agreement on Tariffs and Trade. While agricultural productivity continued to rise (by 3 per cent), farm incomes had been hit by increased input prices (up almost 4 per cent) and lower returns (averaging 1 per cent).

Mr David Naish, president of the National Farmers' Union, said the report made grim reading.

"These income statistics are appalling. They not only confirm the downward trend of the past years but bring the industry's real income to its lowest level since the last world war," he said. The fall was all the more worrying because it had occurred in spite of a better harvest in some parts of the country.

The number of full-time farmers continues to fall and now stands at 178,000 compared with 183,000. The industry's bank loans and overdrafts stood at £6.55bn at the end of December 1990, compared with £6.4bn the year before. But the fall in interest rates last year reduced interest charges to £899m from £1.05bn in 1990.

The report says the fortunes of different types of farm across the UK varied considerably. "In most of the country cereal and cropping farms fared relatively well in 1991, but in Scotland the high yields of the previous year have not been repeated and incomes are forecast to fall."

Livestock farm incomes had improved, while those on dairy farms had declined. Pig and poultry farmers had suffered a sharp reduction in prices.

## WORLD COMMODITIES PRICES

### MARKET REPORT

Silver closed at the highest level for six months on the London bullion market after a further strong technical rally on Comex. Sustained commission house and fund chart-based buying on Comex pushed silver through key resistance points at 420 and 425 cents a troy ounce, easily absorbing heavy Middle East selling, dealers said. Analysts said the rally had also been fuelled by sentiment that the US economy is recovering, potentially boosting demand for silver, now widely viewed as an industrial metal. Silver's rise inspired an advance in the London gold market, but stiff technical resistance was hit at $357 a troy ounce, which attracted producer selling. Platinum also closed higher in London. Nymex platinum futures were ahead at midday, helped by news that South Africa's Impala had said that some expansion plans are threatened by low metal prices and labour disruptions. London cocoa prices closed ahead as sentiment was boosted by the 10.8 per cent rise in UK fourth-quarter grind figures. Cumulative Ivory Coast arrivals were reported to be more than 450,000 tonnes by the end of last week but are expected to begin falling away. Chicago wheat prices were again higher at midday, with traders reluctant to sell.

Compiled from Reuters

### London Markets

**SPOT MARKETS**

| Crude oil (per barrel FOB) | | + or - |
|---|---|---|
| Dubai | $14.85-4.90q | -.025 |
| Brent Blend (dated) | $18.40-8.45 | +.025 |
| Brent Blend (Mar) | $17.90-8.00 | +0.05 |
| W.T.I. (1 pm est) | $18.90-9.05q | -.025 |
| **Oil products (NWE prompt delivery per tonne CIF)** | | + or - |
| Premium Gasoline | $203-205 | +2 |
| Gas Oil | $174-176 | +3.5 |
| Heavy Fuel Oil | $61-62 | +1.5 |
| Naphtha | $190-193 | +2 |
| *Petroleum Argus Estimates.* | | |
| **Other** | | + or - |
| Gold (per troy oz)♣ | $357.65 | +3.10 |
| Silver (per troy oz)♣ | 436.0c | +22.0 |
| Platinum (per troy oz) | $339.25 | +1.5 |
| Palladium (per troy oz) | $83.25 | +0.25 |
| Copper (US Producer) | 99.16c | +0.95 |
| Lead (US Producer) | 37c | |
| Tin (Kuala Lumpur market) | 14.46r | -0.03 |
| Tin (New York) | 251.5c | -0.75 |
| Zinc (US Prime Western) | 62c | |
| Cattle (live weight)† | 108.32p | +0.63* |
| Sheep (live weight)†♣ | 102.60p | -1.13* |
| Pigs (live weight)† | 85.63p | +0.54* |
| London daily sugar (raw) | $215.0t | |
| London daily sugar (white) | $266.5t | +1.0 |
| Tate and Lyle export price | £230.0 | |
| Barley (English feed) | £124.5 | |
| Maize (US No. 3 yellow) | £147.5 | |
| Wheat (US Dark Northern) | £101 | |
| Rubber (Feb)♥ | 51.75p | |
| Rubber (Mar)♥ | 51.50p | -0.5 |
| Rubber (KL RSS No 1 Feb) | 215.5m | +0.5 |
| Coconut oil (Philippines)§ | $750y | -10.0 |
| Palm Oil (Malaysian)§ | $390.0q | |
| Copra (Philippines)§ | $467.5t | -7.5 |
| Soyabeans (US) | £149.0 | |
| Cotton "A" index | 59.45c | |
| Wooltops (64s Super) | 415p | +7.0 |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar l-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices.

**SUGAR – London FOX** ($ per tonne)

| Raw | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 184.00 | 182.20 | 183.00 181.60 |
| May | 185.60 | 183.40 | 184.00 183.00 |
| Aug | 187.60 | 187.00 | 186.00 |
| Oct | 192.00 | | 188.00 188.00 |
| Dec | 195.00 | | 181.00 |
| **White** | **Close** | **Previous** | **High/Low** |
| Mar | 266.6 | 264.3 | 267.0 264.3 |
| May | 271.1 | 268.8 | 272.0 268.4 |
| Aug | 273.5 | 271.8 | 273.0 270.9 |
| Oct | 259.6 | 257.3 | 259.2 256.9 |

Turnover: Raw 261 (75) lots of 50 tonnes. White 795 (1093)
Paris- White (FFr per tonne): Mar 1473.21, May 1511.06

**CRUDE OIL – IPE** $/barrel

| | Latest | Previous | High/Low |
|---|---|---|---|
| Feb | 18.50 | 18.31 | 18.68 18.36 |
| Mar | 17.87 | 17.89 | 18.29 17.83 |
| Apr | 17.74 | 17.82 | 18.10 17.72 |
| May | 17.67 | 17.65 | 18.00 17.67 |
| Jun | 17.89 | 17.70 | 17.89 |
| Jul | 17.97 | 17.74 | 17.97 17.91 |
| Sep | 17.95 | | 17.95 |
| IPE Index | 18.04 | 18.01 | 18.04 |

Turnover 25000 (32531)

**GAS OIL – IPE** $/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 171.00 | 169.75 | 172.75 169.00 |
| Mar | 170.00 | 168.50 | 172.25 169.00 |
| Apr | 169.00 | 166.50 | 170.50 167.75 |
| May | 166.50 | 165.25 | 168.25 166.50 |
| Jun | 166.75 | 166.25 | 166.75 |
| Jul | 169.00 | 167.50 | 169.50 167.00 |
| Aug | 169.50 | 169.50 | 169.50 |
| Sep | 171.50 | 171.50 | 172.50 171.25 |
| Oct | 174.50 | | 174.50 173.00 |

Turnover 13246 (17314) lots of 100 tonnes

**FRUIT & VEGETABLES**
Juicy oranges are this week's best buy with Jaffa and Spania varieties at 12-35p each depending on size, reports FFVIB. Bananas at 45-70p a lb (45-70p) remain a good fruit buy along with grapefruit at 19-40p each (19-40p) depending on variety. Potatoes are good this week with Cyprus at 30-33p a lb (28-35p), Italy at 28-35p a lb (40-50p) and Egypt at 22-25p a lb (26-45p). Brussel sprouts at 25-30p a lb (28-35p). carrots at 10-20p a lb (10-20p) and swede and turnips at 18-25p a lb (18-25p) are good buys.

**COCOA – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 747 | 732 | 749 728 |
| May | 773 | 760 | 775 755 |
| Jul | 800 | 787 | 800 781 |
| Sep | 824 | 810 | 825 806 |
| Dec | 855 | 844 | 857 839 |
| Mar | 884 | 873 | 887 868 |
| May | 901 | | 888 |
| Jul | 919 | | 906 |

Turnover: 6436 (6847) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan.15 902.05 (900.35) 10 day average for Jan.16 906.61 (909.99)

**COFFEE – London FOX** $/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Jan | 1026 | 1023 | 1030 1022 |
| Mar | 1005 | 1001 | 1008 997 |
| May | 990 | 991 | 994 983 |
| Jul | 998 | 1002 | 1003 993 |
| Sep | 1011 | 1014 | 1014 1010 |
| Nov | 1024 | 1030 | 1028 1025 |

Turnover:1571 (2477) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan. 15: Comp. daily 61.83 (62.11) 15 day average 62.07 (62.09)
Sterling close: January £596 . March £586

**POTATOES – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 117.0 | 118.3 | 117.5 116.5 |
| May | 137.0 | 138.0 | 138.5 136.3 |

Turnover 174 (126) lots of 20 tonnes.

**SOYAMEAL – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | - | 130.00 | |

Turnover 0 (100) lots of 20 tonnes.

**FREIGHT – London FOX** $10/index point

| | Close | Previous | High/Low |
|---|---|---|---|
| Jan | 1559 | 1559 | 1560 1560 |
| Feb | 1602 | 1602 | 1615 1596 |
| Mar | 1614 | 1614 | 1625 1615 |
| Apr | 1625 | 1614 | 1633 1615 |
| Jul | 1398 | 1398 | 1400 1395 |
| BFI | 1525 | 1521 | 1525 |

Turnover 549 (273)

**GRAINS – London FOX** £/tonne

| Wheat | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 127.90 | 127.90 | 128.40 128.15 |
| May | 137.80 | 131.60 | 132.00 131.90 |
| Jun | 133.20 | 133.20 | 133.50 |
| **Barley** | **Close** | **Previous** | **High/Low** |
| Jan | 119.00 | 119.00 | 119.00 |
| Mar | 121.00 | 121.00 | 121.20 121.15 |
| May | 123.00 | 123.00 | 123.20 123.00 |

Turnover: Wheat 297 (435). Barley 22 (96).
Turnover lots of 100 Tonnes.

**PIGS – London FOX** (Cash Settlement) p/kg

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 110.0 | 108.5 | 109.5 108.5 |
| Mar | 110.0 | 108.5 | 110.0 109.5 |
| Apr | 110.5 | 108.5 | 110.0 109.0 |
| May | 110.5 | | 110.0 |
| Jun | 110.1 | | 110.0 109.0 |
| Jul | 109.0 | | 108.0 |

Turnover:90 (30)lots of 3,250 kg

**MGMI – London FOX**

| | Close | Prev. | High | Low | Vol |
|---|---|---|---|---|---|
| Indx | 133.67 | 128.62 | | | |

**LONDON METAL EXCHANGE** (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open Interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Total daily turnover 44,928 lots |
| Cash | 1187.5-8.5 | 1164-5 | | 1203-4 | | |
| 3 months | 1211-2 | 1188-9 | 1230/1180 | 1227.5-8 | 1212-3 | 116,493 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Total daily turnover 24,037 lots |
| Cash | 1220-2 | 1207-8 | 1222/1218 | 1218-8.5 | | |
| 3 months | 1247-8 | 1236-6.5 | 1249/1242 | 1245.5-6.5 | 1248-7 | 106,897 lots |
| **Lead (£ per tonne)** | | | | | | Total daily turnover 1,092 lots |
| Cash | 287-8 | 290.5-1.5 | 289 | 288.5-9 | | |
| 3 months | 298.5-9 | 303-3.25 | 301/299 | 300-0.5 | 299-300 | 16,047 lots |
| **Nickel ($ per tonne)** | | | | | | Total daily turnover 8015 lots |
| Cash | 7535-45 | 7325-35 | | 7490-500 | | |
| 3 months | 7595-600 | 7400-5 | 7600/7450 | 7560-5 | 7585-90 | 18,885 lots |
| **Tin ($ per tonne)** | | | | | | Total daily turnover 1,698 lots |
| Cash | 5420-30 | 5445-55 | | 5365-60 | | |
| 3 months | 5460-90 | 5510-15 | 5505/5447 | 5445-7 | 5465-75 | 4,842 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | | Total daily turnover 11,266 lots |
| Cash | 1155-7 | 1143-4 | | 1171-3 | | |
| 3 months | 1128-30 | 1120-1 | 1145/1120 | 1142-6 | 1135-7 | 40,467 lots |

LME Closing £/$ rate:
SPOT: 1.7595 3 months: 1.7339 6 months: 1.7096 9 months: 1.6865

**LONDON BULLION MARKET**
(Prices supplied by N M Rothschild)

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 357.40-357.90 | |
| Opening | 354.50-354.90 | |
| Morning fix | 354.60 | 201.477 |
| Afternoon fix | 356.75 | 202.618 |
| Day's high | 357.80-358.10 | |
| Day's low | 353.60-353.90 | |

**Loco Ldn Mean Gold Lending Rates (Vs US$)**

| | | | |
|---|---|---|---|
| 1 month | 3.58 | 6 months | 3.53 |
| 2 months | 3.55 | 12 months | 3.53 |
| 3 months | 3.54 | | |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 235.25 | 413.60 |
| 3 months | 241.30 | 417.75 |
| 6 months | 247.20 | 421.95 |
| 12 months | 258.90 | 431.45 |

**GOLD COINS**
(Prices supplied by Engelhard Metals)

| | $ price | £ equivalent |
|---|---|---|
| Krugerrand | 356.75-357.75 | 202.75-203.25 |
| Maple leaf | 367.50-368.50 | 208.50-209.00 |
| New Sovereign | 87.00-88.00 | 49.50-50.00 |

**TRADED OPTIONS**

| Coffee | Mar | Mar |
|---|---|---|
| 550 | 41 | 5 |
| 600 | 12 | 26 |
| 650 | 2 | 66 |

| Cocoa | Mar | May | Mar | May |
|---|---|---|---|---|
| 750 | 19 | 48 | 22 | 25 |
| 775 | 11 | 35 | 39 | 37 |
| 800 | 5 | 26 | 58 | 53 |

| Brent Crude | Mar | Apr | Mar | Apr |
|---|---|---|---|---|
| 1650 | 11 | | | |
| 1700 | 16 | 40 | | |
| 1750 | 30 | | | |

### New York

**GOLD 100 troy oz.; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 356.4 | 354.1 | 0 | 0 |
| Feb | 357.0 | 354.7 | 359.0 | 354.1 |
| Mar | 357.9 | 355.7 | 0 | 0 |
| Apr | 359.0 | 356.6 | 361.0 | 356.1 |
| Jun | 361.2 | 359.0 | 363.0 | 358.3 |
| Aug | 363.4 | 361.1 | 363.9 | 363.9 |
| Oct | 365.6 | 363.3 | 366.8 | 366.8 |
| Dec | 368.0 | 365.6 | 370.0 | 365.6 |
| Feb | 370.5 | 368.0 | 0 | 0 |

**PLATINUM 50 troy oz; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 343.0 | 336.9 | 346.0 | 337.0 |
| Apr | 343.0 | 336.9 | 346.5 | 336.9 |
| Jul | 344.3 | 338.4 | 347.0 | 339.0 |
| Oct | 349.0 | 343.4 | 354.0 | 351.0 |
| Jan | 350.0 | 344.4 | 0 | 0 |

**SILVER 5,000 troy oz; cents/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 431.8 | 413.7 | 432.0 | 432.0 |
| Feb | 432.3 | 414.5 | 0 | 0 |
| Mar | 433.8 | 416.0 | 441.0 | 414.5 |
| May | 437.4 | 419.4 | 444.5 | 418.0 |
| Jul | 440.9 | 422.7 | 446.0 | 424.0 |
| Sep | 444.5 | 426.2 | 450.0 | 438.0 |
| Dec | 450.2 | 431.8 | 455.5 | 437.0 |
| Jan | 452.2 | 433.5 | 0 | 0 |
| Mar | 456.3 | 437.5 | 460.0 | 438.5 |
| May | 460.9 | 441.9 | 0 | 0 |

**HIGH GRADE COPPER 25,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 96.40 | 95.40 | 96.70 | 96.30 |
| Feb | 96.75 | 95.50 | 96.65 | 96.45 |
| Mar | 97.05 | 95.85 | 97.35 | 96.60 |
| Apr | 97.15 | 96.00 | 97.30 | 97.30 |
| May | 97.20 | 96.10 | 97.45 | 96.75 |
| Jun | 97.30 | 96.20 | 0 | 0 |
| Jul | 97.35 | 96.35 | 97.60 | 97.10 |
| Aug | 97.50 | 96.50 | 0 | 0 |
| Sep | 97.70 | 96.70 | 98.00 | 97.60 |
| Oct | 97.75 | 96.85 | 0 | 0 |

**CRUDE OIL (Light) 42,000 US galls $/barrel**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 18.78 | 18.85 | 19.21 | 18.77 |
| Mar | 18.89 | 19.00 | 19.32 | 18.88 |
| Apr | 18.96 | 19.08 | 19.40 | 18.92 |
| Aug | 19.15 | 19.24 | 19.38 | 19.15 |
| Oct | 19.25 | 19.32 | 19.40 | 19.15 |
| Nov | 19.25 | 19.36 | 19.40 | 19.23 |

**HEATING OIL 42,000 US galls, cents/US galls**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 5475 | 5405 | 5550 | 5460 |
| Mar | 5490 | 5441 | 5575 | 5470 |
| Jun | 5240 | 5193 | 5240 | 5240 |
| Jul | 5240 | 5196 | 5330 | 5220 |
| Aug | 5330 | 5273 | 5400 | 5320 |
| Sep | 5470 | 5396 | 5510 | 5470 |

**COCOA 10 tonnes;$/tonnes**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 1200 | 1176 | 1216 | 1176 |
| May | 1236 | 1212 | 1247 | 1214 |
| Jul | 1273 | 1248 | 1280 | 1251 |
| Sep | 1302 | 1277 | 1306 | 1282 |
| Dec | 1339 | 1315 | 1344 | 1326 |
| Mar | 1379 | 1355 | 1380 | 1367 |
| May | 1400 | 1376 | 0 | 0 |
| Jul | 1420 | 1396 | 0 | 0 |
| Sep | 1450 | 1423 | 0 | 0 |
| Dec | 1480 | 1450 | 0 | 0 |

**COFFEE "C" 37,500lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 78.90 | 77.95 | 79.00 | 77.65 |
| May | 81.80 | 80.75 | 81.85 | 80.60 |
| Jul | 84.45 | 83.50 | 84.50 | 83.50 |
| Sep | 87.00 | 86.10 | 87.00 | 86.10 |
| Dec | 90.50 | 89.35 | 89.65 | 89.35 |
| Mar | 94.00 | 92.70 | 93.25 | 92.75 |
| May | 97.40 | 94.90 | 94.75 | 94.75 |

**SUGAR WORLD "11" 112,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 8.31 | 8.25 | 8.40 | 8.24 |
| May | 8.36 | 8.31 | 8.48 | 8.32 |
| Jul | 8.39 | 8.31 | 8.41 | 8.32 |
| Oct | 8.48 | 8.39 | 8.48 | 8.40 |
| Mar | 8.54 | 8.42 | 8.48 | 8.47 |
| May | 8.50 | 8.36 | 0 | 0 |

**COTTON 50,000; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 56.32 | 56.63 | 56.70 | 55.95 |
| May | 58.03 | 58.40 | 0 | 57.70 |
| Jul | 59.22 | 59.75 | 59.65 | 58.91 |
| Oct | 61.55 | 62.10 | 0 | 61.50 |
| Dec | 62.25 | 62.66 | 0 | 62.10 |
| Mar | 63.50 | 64.00 | 0 | 0 |

**ORANGE JUICE 15,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 152.90 | 155.90 | 157.00 | 152.50 |
| Mar | 152.90 | 155.75 | 155.75 | 152.00 |
| May | 152.95 | 155.60 | 155.10 | 151.50 |
| Jul | 153.00 | 155.95 | 155.25 | 152.75 |
| Sep | 151.00 | 153.50 | 153.50 | 149.00 |
| Nov | 139.50 | 142.05 | 140.50 | 140.50 |
| Jan | 139.40 | 141.85 | 0 | 0 |
| Mar | 139.40 | 141.85 | 0 | 0 |
| May | 139.40 | 141.85 | 0 | 0 |

**INDICES**

**REUTERS (Base: September 18 1931 = 100)**

| Jan.16 | Jan.15 | mnth ago | yr ago |
|---|---|---|---|
| 1609.1 | 1602.4 | 1598.5 | 1681.6 |

**DOW JONES (Base: Dec. 31 1974 = 100)**

| | Jan.15 | Jan.14 | mnth ago | yr ago |
|---|---|---|---|---|
| Spot | 114.12 | 113.68 | 113.87 | 122.97 |
| Futures | 121.91 | 121.21 | 120.54 | 126.08 |

### Chicago

**SOYABEANS 5,000 bu min; cents/60lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 568/6 | 567/6 | 570/6 | 565/4 |
| Mar | 571/6 | 571/2 | 574/4 | 568/2 |
| May | 579/2 | 577/4 | 581/4 | 575/0 |
| Jul | 588/2 | 587/0 | 590/2 | 584/4 |
| Aug | 591/4 | 590/0 | 593/4 | 588/4 |
| Sep | 592/6 | 592/4 | 696/0 | 591/0 |
| Nov | 599/0 | 597/6 | 601/4 | 596/4 |
| Jan | 606/0 | 606/4 | 608/4 | 605/4 |

**SOYABEAN OIL 60,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 19.30 | 19.25 | 19.36 | 19.21 |
| Mar | 19.45 | 19.46 | 19.61 | 19.41 |
| May | 19.75 | 19.76 | 19.90 | 19.70 |
| Jul | 20.03 | 20.04 | 20.16 | 20.00 |
| Aug | 20.13 | 20.22 | 20.30 | 20.10 |
| Sep | 20.20 | 20.30 | 20.40 | 20.20 |
| Oct | 20.35 | 20.35 | 0 | 0 |
| Dec | 20.65 | 20.60 | 20.70 | 0 |
| Jan | 20.70 | 20.65 | 0 | 0 |

**SOYABEAN MEAL 100 tons; $/ton**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 175.6 | 175.3 | 0 | 174.0 |
| Mar | 175.0 | 174.7 | 0 | 173.2 |
| May | 175.9 | 175.5 | 0 | 174.3 |
| Jul | 177.2 | 176.6 | 178.2 | 176.1 |
| Aug | 178.6 | 177.8 | 179.0 | 177.4 |
| Sep | 179.2 | 178.6 | 180.0 | 178.5 |
| Oct | 193.7 | 193.7 | 0 | 192.2 |
| Dec | 194.7 | 195.5 | 196.0 | 194.0 |

**MAIZE 5,000 bu min; cents/56lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 259/0 | 261/6 | 0 | 258/6 |
| May | 265/6 | 266/6 | 0 | 266/4 |
| Jul | 270/6 | 273/4 | 0 | 270/4 |
| Sep | 267/0 | 269/6 | 0 | 267/0 |
| Dec | 264/4 | 267/0 | 0 | 264/2 |
| Mar | 271/0 | 273/4 | 0 | 270/6 |

**WHEAT 5,000 bu min; cents/60lb-bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 413/0 | 416/6 | 0 | 411/2 |
| May | 398/6 | 401/6 | 403/0 | 397/4 |
| Jul | 378/0 | 378/4 | 381/4 | 378/0 |
| Sep | 381/0 | 380/6 | 386/0 | 0 |
| Dec | 392/0 | 391/0 | 395/0 | 0 |
| Mar | 392/0 | 391/0 | 395/0 | 0 |

**LIVE CATTLE 40,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 74.80 | 74.80 | 74.92 | 74.35 |
| Apr | 75.17 | 74.75 | 75.27 | 74.82 |
| Jun | 70.77 | 70.40 | 70.95 | 70.22 |
| Aug | 68.10 | 67.82 | 68.37 | 67.80 |
| Oct | 68.67 | 68.47 | 68.75 | 68.20 |
| Dec. | 69.45 | 69.25 | 69.45 | 69.05 |
| Feb | 69.00 | 0 | 0 | 0 |

**LIVE HOGS 40,000 lb; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 40.62 | 39.77 | 40.77 | 39.55 |
| Apr | 39.77 | 39.25 | 39.80 | 39.07 |
| Jun | 43.97 | 43.42 | 44.05 | 43.45 |
| Jul | 44.62 | 44.20 | 44.75 | 44.07 |
| Aug | 42.85 | 42.62 | 42.95 | 42.50 |
| Oct | 40.50 | 40.35 | 40.60 | 40.20 |
| Dec | 42.95 | 42.87 | 43.12 | 42.80 |
| Feb | 44.45 | 44.30 | 44.45 | 0 |

**PORK BELLIES 40,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 35.85 | 35.47 | 36.00 | 35.05 |
| Mar | 36.37 | 36.02 | 36.60 | 35.67 |
| May | 37.55 | 37.25 | 37.70 | 36.75 |
| Jul | 38.07 | 37.42 | 38.25 | 37.25 |
| Aug | 36.95 | 36.60 | 37.20 | 36.70 |

## LONDON STOCK EXCHANGE

# Recovery stocks attract the buyers

By Terry Byland, UK Stock Market Editor

HEAVY switching from the pharmaceuticals sector into cyclical stocks in the UK stock market yesterday appeared to reflect growing confidence that the UK economy will soon begin to recover from the recession. The trend was set from the US but confidence received a further boost when three leading UK home loan groups cut mortgage rates by just over half a point.

Equities continued to display volatility, however, and the FT-SE Index moved between a 13.8 fall and a 12.3 gain before closing firmly, albeit well off the top. While drug stocks were badly hit, there were substantial gains among the banks, building and construction issues and the stores.

The final hour of trading saw London reacting to an erratic opening on Wall Street which was down 11 Dow points in UK hours.

| Account Dealing Dates | | |
|---|---|---|
| **First Dealings:** | | |
| Dec 30 | Jan 13 | Jan 27 |
| **Option Declarations:** | | |
| Jan 9 | Jan 23 | Feb 6 |
| **Last Dealings:** | | |
| Jan 10 | Jan 24 | Feb 7 |
| **Account Day:** | | |
| Jan 20 | Feb 3 | Feb 17 |

*New-time dealings may take place from 8.30 am two business days earlier.

The final reading put the FT-SE Index at 2,541.6, a net gain of 4.5. The Index was distorted yesterday by substantial falls in such heavily weighted stocks as Glaxo, which suffered one of its worst day's trading, and SmithKline Beecham; between them, these two pharmaceuticals took nearly 12 points off the Footsie scale.

Some Wall Street stocks were also left behind, notably Reuters, the global financial data communications group, which gave back some recent gains.

Fund managers were taking their substantial profits on pharmaceutical stocks as analysts warned that the sector might have reached its peak for the near term. Traders said that most of the cash raised by selling drug stocks was put straight back into sectors now identified as recovery prospects.

Institutional business, which has been increasing this week, remained high yesterday, with Seaq-recorded volume totalling 638.4m shares, against 673.6m in the previous session. Stock Exchange statistics show that daily retail, or customer, business in UK equities topped the £1bn mark in five out of the past six trading sessions.

The cut in mortgage lending rates by the Abbey National, Halifax and Nationwide, provided encouragement across the range of housebuilding and construction stocks. It also helped the banking sector by offering some relief for the weight of debt hanging over the customers of the high street banks. Poor trading figures from TSB, the former Trustee Savings Bank, were no surprise.

Store shares extended this week's gains, heartened both by the move towards lower interest rates and the signs that the Budget, in March, may bring reductions in personal taxation. Both moves are likely to put more money in consumers' pockets.

Oil shares tended to lag behind the market and Lonrho continued to attract nervous selling as the market awaits the trading news due this month.

Some market strategists expressed doubts about yesterday's apparent move towards cyclical, or recovery stocks. An analyst at a leading UK investment bank commented that while such moves might be rational in the US, where interest rates are now historically low, it was less easy to justify them in the high interest rate environment of the UK.

The market paid little heed to the disclosure that domestic unemployment reached a four-year high in November. Rising unemployment this year has been widely predicted by City analysts.

### FINANCIAL TIMES STOCK INDICES

| | Jan 16 | Jan 15 | Jan 14 | Jan 13 | Jan 10 | Year Ago | 1991/92 High | 1991/92 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 87.80 | 87.48 | 87.07 | 87.07 | 87.32† | 83.85 | 87.94 (18/9/91) | 82.17 (2/1/91) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 99.75 | 99.56 | 99.36 | 99.44 | 99.57 | 91.04 | 99.75 (16/1/92) | 90.59 (2/1/91) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share● | 1958.3 | 1940.8 | 1910.4 | 1884.8 | 1874.2 | 1654.9 | 2108.3 (2/9/91) | 1608.3 (18/1/91) | 2108.3 (2/9/91) | 49.4 (26/6/40) |
| Gold Mines | 158.0 | 158.9 | 152.3 | 156.3 | 160.8 | 155.3 | 222.8 (11/7/91) | 127.0 (22/2/91) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2541.6 | 2537.1 | 2516.3 | 2490.1 | 2477.9 | 2102.7 | 2679.6 (2/9/91) | 2054.8 (16/1/91) | 2679.6 (2/9/91) | 986.9 (23/7/84) |
| FT-SE Eurotrack 200 | 1164.75 | 1174.57 | 1149.84 | 1139.94 | 1140.60 | - | 1198.60 (3/9/91) | 938.82 (16/1/91) | 1198.60 (3/9/91) | 938.62 (16/1/91) |
| ●Ord Div. Yield | 4.67 | 4.69 | 4.73 | 4.76 | 4.80 | 5.81 | | | | |
| ●Earning Yld %(full) | 7.00 | 7.01 | 7.08 | 7.14 | 7.19 | 12.11 | | | | |
| ●P/E Ratio(Net)(☆) | 17.95 | 17.92 | 17.74 | 17.62 | 17.48 | 9.98 | | | | |
| SEAQ Bargns 4.45pm | 31,769 | 32,079 | 27,193 | 26,528 | 32,925 | 26,922 | | | | |
| Equity Turnover(£m)† | - | 1207.5 | 1008.6 | 781.0 | 1133.70 | 620.52 | | | | |
| Equity Bargains† | - | 32,605 | 26,003 | 26,303 | 33,215 | 26,611 | | | | |
| Shares Traded (ml)† | - | 548.2 | 425.8 | 381.2 | 566.2 | 307.7 | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 18.93 † Correction

**Ordinary Share Index, Hourly changes** Day's High 1957.1 Day's Low 1934.8

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 1935.8 | 1940.7 | 1943.2 | 1962.1 | 1964.1 | 1965.7 | 1965.2 | 1963.7 | 1958.2 |

**FT-SE 100, Hourly changes** Day's High 2549.4 Day's Low 2523.3

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2525.8 | 2530.6 | 2526.9 | 2543.5 | 2547.3 | 2547.0 | 2546.0 | 2542.7 | 2537.0 |

**FT-SE Eurotrack 200, Hourly changes** Day's High 1176.36 Day's Low 1164.75

| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm |
|---|---|---|---|---|---|---|
| 1169.58 | 1168.67 | 1173.07 | 1174.07 | 1175.91 | 1174.25 | 1170.86 |

### GILT EDGED ACTIVITY

| Indices* | Jan 15 | Jan 14 |
|---|---|---|
| Gilt Edged Bargains | 92.5 | 74.3 |
| 5-Day average | 84.2 | 82.2 |

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

# Heavy setback for Glaxo

PHARMACEUTICALS group Glaxo saw one of its biggest falls yesterday on particularly heavy turnover. The shares tumbled sharply in early trading, with one trader talking of "complete panic from the word go". They were down 76 points at one stage following a wave of selling in New York and a downgrade by one securities house. They recovered to close 50 off at 866p on 14m turnover.

The origins of the slide this week were in heavy US selling of Merck, the world's biggest drug company, which fell nearly $3 on Monday and $4 on Wednesday. This was the first sign that US investors were moving out of defensive pharmaceuticals stocks and into cyclicals. The spotlight turned on Glaxo on Wednesday and, in the US, the American Depositary Receipts fell $1¼ to $32¾ with the equivalent of 10.4m shares dealt.

Then, in London, County NatWest reduced its forecasts for the company. The house pharmaceuticals team cut its 1992 estimate by £67m to £1,895m and its earnings per share forecast to 32.9p from 34.6p. It said the cut reflected concerns over currency, Glaxo's anti-asthma treatment Serevent and growth prospects for its ulcer drug Zantac, which represents about 50 per cent of turnover.

Reports that Roussel-Uclaf, the French medical supply company, is on the verge of winning approval to sell its Lansoprazole anti-ulcer drug in France and other western European countries also affected investors attitudes. Later the US investment house Smith Barney repeated a buy rating on the entire drug sector and the pressure on the shares eased slightly.

The fall hit other big pharmaceuticals stocks. SmithKline Beecham fell 40 to 923p and Wellcome 16 to 1022p.

## ICI in demand

The move into cyclical stocks was of particular benefit to ICI, which jumped 35 to 1222p with 2.6m shares traded, a heavy turnover for the stock.

There was interest from one institutional buyer and this accentuated the effect of a bear squeeze as traders were caught short of stock by the heavy overnight US buying.

The rise did not appear to be backed up by any particular company or market stories although S G Warburg had been bidding for stock and James Capel discussed the company with clients, pointing out its "good inherent value".

## TSB firmer

Preliminary figures from TSB, the banking group, showed a lapse into losses over the past year but were not as bad as some in the market had expected. They helped the shares to rally strongly from their recent substantial underperformance against the wider market and the banks sector.

The TSB share price, along with other bank shares, was also boosted by news that a number of leading building societies had cut their mortgage lending rates, a move likely to help the dormant UK housing market.

Analysts said there was widespread relief that TSB's figures did not include any nasty surprises – some observers had expected TSB to record pre-tax losses of £85m.

TSB shares, which fell away to 112p in early December, sped to 130p, before ending a net 8 higher at 128p. Turnover was a hefty 10m shares.

Fisons was brought down by US selling, but was also affected by an article in a newspaper which claimed to have obtained documents from the US Food and Drug Administration showing "the full extent of manufacturing defects" at a Fisons plant in the UK. In spite of a Fisons rebuttal, the shares lost 6½ to 361p with 12m traded.

Institutions were said to have been heavy buyers of bank stocks after careful scrutiny of the TSB figures and news of the reductions in mortgage lending rates. The mortgage moves were viewed as another move to reduce pressure on borrowers suffering from the twin effects of high interest rates and recession.

Abbey National, which instigated the latest round of rate cuts, jumped 11 to 295p on keen turnover of 3.4m. Barclays raced higher, closing 17 ahead at 382p on volume of 7.2m, the highest single day's turnover since early November. Lloyds surged 15 to 400p on 4.2m shares, NatWest 12 to 287p on 8.6m (the busiest day since December 5) and Midland rose 7 to 224p.

Royal outperformed the composite sector, closing 11 higher at 252p on an emerging stock shortage. Sun Alliance was heavily traded (6.4m) and edged up 3 to 279p, while Guardian Royal attracted sustained support to close 7 higher at 135p.

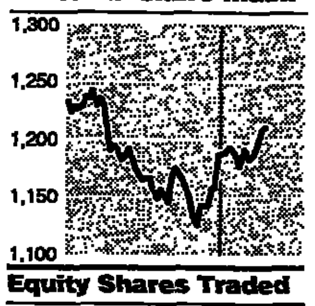
Excellent new business figures prompted a wave of support for Lloyds Abbey Life which settled 18 higher at 368p.

The perception of Hanson as a cyclical recovery stock was behind a rise of 4 to 216½p with 12m traded.

Big dollar earners lost ground yesterday. Reuters fell 25 to 1068p, Reckitt & Colman dropped 14 to 683p and Unilever lost 10 to 910p.

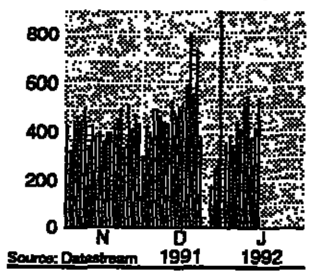
There was substantial underperformance by BP against the market and the oil sector, particularly Shell. BP settled 3½ off at 292p on hefty turnover of 13m and Shell ended up 9 at 503p on 4.3m. A number of big US and UK institutions were aggressive switchers out of BP and into Shell.

**FT-A All-Share Index**



**Equity Shares Traded**

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover



Source: Datastream

Power generators were among the best performers in the utilities area of the market with National Power exceptionally strong, ending 7 firmer at 139p on talk of a James Capel buy recommendation. Turnover in National rose sharply to 10m. PowerGen added 4¼ to 146p on 2.8m. Electricity stocks, however, were mixed, with profit-takers prompting Northern to lose 11 to 249p.

Guinness was a penny easier at 532p with Smith New Court the latest securities house to cut its profit estimate. The house is now looking for £1,100m this year.

Talk of analysts' downgrades on Forte continued, although there was scant evidence in the market, leading to suggestions of the possibility of a bear raid. Kleinwort Benson became the latest broker to be said to have downgraded, analyst Paul Slattery denying the story, although he added that Kleinwort is undertaking a major review of the hotels sector. Goldman Sachs did downgrade yesterday however, shaving around 8 per cent from its profit forecasts. Forte gained a penny to 231p.

Volume in British Steel rose to 20m in busy trading late in the session, and the shares gained 7 to 77p on buying from UBS Phillips & Drew, company brokers, and from the US. UBS now believes British Steel's dividend to be more secure.

Glynwed International was volatile. The shares retreated in early trading after UBS Phillips & Drew slashed its 1992 forecast by £10m to £32m and raised fears about the dividend. However, the shares later recovered to end only 2 lower at 199p after buying was reported at S G Warburg.

A cut in mortgage interest rates lifted P & O, whose Bovis subsidiary is a leading UK housebuilder. The shares jumped 21 to 453p.

Investors were cheered by the lack of bad news at Trafalgar House's annual meeting and the shares responded by adding 4 to 129p. A B Ports gained 6 to 325p on buying at County NatWest.

Vickers closed 5 up at 181p on renewed talk of the imminent part-disposal of its Rolls Royce Motors subsidiary.

British Land gained 5 to 255p, Land Securities rose 12 to 448p and MEPC added 8 to 384p.

Worries that Greycoat was having difficulty with its refinancing package for Embankment Place receded, the shares rebounding 15 to 68p.

BOC Group rose 11 to 646p after a well-received AGM.

**MARKET REPORTERS:**
Peter John, Joel Kibazo, Christopher Price, Steve Thompson.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 19.

### TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AGT | 318 | 410 | +5 | Cookson | 1,300 | 112 | -2 | Lucas | 6,400 | 116 | +8 | Shell Transport | 4,300 | 503 | +9 |
| ASDA Group | 5,400 | 34½ | | Courtaulds | 2,000 | 509 | +4 | MB Caradon | 717 | 265 | +1 | Siebe | 1,300 | 586 | -2 |
| Abbey National | 3,400 | 295 | +11 | Dalgety | 796 | 389 | -5 | MEPC | 508 | 384 | +8 | Slough Ests | 313 | 227 | +6 |
| Albert Fisher | 2,400 | 75½ | +3½ | De La Rue | 363 | 820 | -4 | Manweb | 322 | 311 | +9 | Smith (W.H.) A | 581 | 460 | +10 |
| Allied-Lyons | 1,800 | 645 | -2 | Dixons | 1,300 | 229 | +2 | Marks & Spencer | 6,800 | 292 | +5 | Smith & Nephew | 1,600 | 143 | -½ |
| Amstrad | 1,100 | 31 | +1 | ECC Group | 353 | 486 | -2 | Midland Bank | 5,800 | 224 | +7 | SmKl Beecham | 4,000 | 923 | -40 |
| Anglian Water | 623 | 338 | -2 | Eastern Elect. | 977 | 226 | +1 | Midlands Elect. | 463 | 258 | +3 | SmKl Beecham Uts. | 324 | 825 | -25 |
| Argos | 634 | 387 | +6 | East Midland Elect. | 1,600 | 242½ | -½ | NFC | 1,300 | 243 | +6 | Smiths Inds. | 671 | 203 | -7 |
| Argyll Group | 2,600 | 398 | +3 | Enterprise Oil | 1,100 | 443 | +2 | NatWest Bank | 8,600 | 287 | +12 | Southern Elect. | 39 | 353 | -2 |
| Arjo Wiggins | 3,000 | 275 | +1 | Eurotunnel Units | 1,000 | 479 | +21 | National Power | 10,000 | 139 | +7 | South Wales Elect. | 721 | 312 | +2 |
| Ass. Brit. Foods | 482 | 429 | -5 | FKI | 2,400 | 57 | +6 | Next | 988 | 62½ | -½ | South West Water | 100 | 332 | -1 |
| BAA | 905 | 558 | -7 | Ferranti | 814 | 5½ | | North West Water | 629 | 348 | +3 | South West. Elect. | 111 | 250 | |
| [illegible] | | | | | | | | | | | | | | | |

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

## EQUITY FUTURES AND OPTIONS TRADING

TRADING in Footsie futures was volatile, with the March contract traded around its fair value premium for most of the session, writes Joel Kibazo.

March opened at a 42-point premium to the underlying cash market and continued to advance until it was knocked back by a bout of mid-morning institutional selling.

News of the cut in the mortgage interest rates by the UK's largest lenders triggered another bout of buying which was further encouraged by better-than-feared UK employment figures.

However, a poor US bond market coupled with a weak opening on Wall Street caused March to retreat, in spite of a modest rally towards the close. March closed at 2,568, down 11 on the day and some 4 points above its estimated fair value premium to cash of 23. Turnover reached 7,266.

In traded options, volume of 41,447 was again high though lower than Wednesday's 51,352 contracts. The Footsie 100 option traded 5,955 contracts. Hanson was the busiest stock option, trading a day's total of 4,630 contracts with the May 220 calls the busiest series. Cable and Wireless was the second busiest stock option with County NatWest reported to have carried out a "short synthetic".

### NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (128).
BRITISH FUNDS (17) Tr. 2pc IL 1992, Tr. 8¾pc 1993, Tr. 10pc 2003, Fd. 3½pc '99-04, Tr. 12½pc '03-05, Tr. 8pc '02-06, Tr. 11¾pc '03-07, Tr. 8½pc 2007, Tr. 13½pc '04-08, Tr. 9pc 2008, Tr. 8pc 2009, Cv. 9pc 2011, Do. 8, Tr. 5½pc '08-12, Tr. 7¾pc '12-15, Ex. 12pc 2013-17, War Loan 3½pc, OTHER FIXED INTEREST (6) African Dev. 11⅛pc 2010, Asian Dev. 10¼pc 2009, Birmingham 11½pc 2012, Intl-Amer. Dev. 9¾pc 2015, Manchester 11½pc 2007, AMERICANS (5) Echlin Inc., Honeywell, Pall, Utd. Tech., Waste Mngemt., CANADIANS (4) Amer. Barrick Res., Bk. of Montreal, Bk. of Nova Scotia, Can. Imperial Bank, BANKS (1) ABN Amro, BREWERS & DISTILLERS (2) Greenalls, Do. 5.95pc Prf., BUSINESS SERVICES (2) RCO, Rentokil, CHEMICALS (4) Allied Colloids, BOC, Plysu, Yule Catto, ELECTRICALS (6) Chemring, China Light, Ericsson (LM), Hawker Siddeley, Motorola, Philips Elect., ELECTRONICS (4) Borland, Hewlett-Packard, Norsk Data A, Redamec, ENGINEERING GENERAL (8) Black & Decker, Fairey, Hall, IMP Intl., Mayflower, SKF, Victaulic, Weir, FOOD MANUFACTURING (6) BSN, Everest, Golden Vale, Greencore, Tesall, Unilever N/V, FOOD RETAILING (1) Park, HEALTH & HOUSEHOLD (3) AAH, Bespak, Intercare, HOTELS & LEISURE (5) Eurocamp, First Leis., Mandarin Oriental, Photo-Me, Tanjong, INSURANCE COMPOSITE (1) Aegon, INSURANCE LIFE (2) Irish Life, Torchmark, INVESTMENT TRUSTS (19) City of Oxford Zero Prf., Fleming Intl. High Zero Prf., Gartmore Amer. Secs. Zero Prf., Govett Atlantic, Kleinwort High Inc. Zero Prf., Menakin, Murray Intl., River Plate Zero Prf., Scot. Natl. Zero Prf., Scott. Natl. Stppd. Prf., TR Technology Zero Prf., Temple Bar 6pc Cv 2002, Throgmorton Dual Inc. Cap., MEDIA (2) Euromoney Publctns., Ulster TV, MISCELLANEOUS (8) BAT Inds. 12¼pc Ln. '03-08, Frost, Le Creuset, Sthn. Business, Strong & Fisher, MOTORS (1) Kwik-Fit, OIL & GAS (1) Total B, OTHER FINANCIAL (7) Baring Chrysalis, Do. Wrrnts., Baring Puma, Ivory & Sime, Rolinco N/V, Swire Pacific A, Templeton Galbraith, PACKAGING, PAPER & PRINTING (4) Boxmore Intl., CMB Packaging, Repola, Smurfit (J), PROPERTY (2) Land Securities 10pc Deb. 2027, Do. 10pc Deb. 2030, STORES (1) Boots, TEXTILES (1) Leeds, TRANSPORT (6) British Airways, Do. 9¾pc Cv., CSX, NFC Vtg., Ocean Wilsons, Sea Containers, MINES (1) ACM Gold.

NEW LOWS (57).
BREWERS & DISTILLERS (2) Paramount, Wiltshire Brew., BUILDING MATERIALS (1) Marshalls, CHEMICALS (1) Sutcliffe Speakman, CONGLOMERATES (1) Lonrho, CONTRACTING & CONSTRUCTION (5) AMEC, Laing (J) A, McLaughlin & Harvey, Prowting, Wimpey (G), ELECTRICALS (2) Arcolectric A N/V, Clarke (T), ELECTRONICS (1) Riva, ENGINEERING GENERAL (2) MS Intl., Neepsend, FOOD MANUFACTURING (3) Acatos & Hutcheson, Hazlewood, Matthews (B), FOOD RETAILING (1) Appleby Westward, HOTELS & LEISURE (2) Queens Moat Hses., Do. 7pc Prf., INSURANCE BROKERS (1) Archer (A.J.), INVESTMENT TRUSTS (3) City of Oxford Wrrnts., Nthn. Amer. Gas Wrrnts., Welsh Indl., MERCHANT BANKS (1) Wintrust, MISCELLANEOUS (3) Porth, RPS, OIL & GAS (3) Elystad, Cairn Energy, Pict Petrlm., OTHER FINANCIAL (2) First Pacific, Schroder Japanese Wrrnt, PACKAGING, PAPER & PRINTING (1) Continuous Stationery, PROPERTY (10) Anglo St. James, BHH, Cap. & Counties, Debenham Tewson & C., Helical Bar 5.25pc Prf. 2012, Merivale Moore, Mowat, Shaftesbury, Stanhope, Wood (JD), STORES (5) Clinton Cards, Mallett, Oliver, Do. Rfd., Stylo, TEXTILES (1) Jacques Vert, TRANSPORT (1) Manchester Ship Canal, MINES (6) Anglo Pacific Res., Anglovaal, De Beers Linked Units, Rustenburg Plat., Willoughby's Cons., Do. Pfd.

### LONDON SHARE SERVICE

**BRITISH FUNDS**

| | Notes | Price £ | +or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| "Shorts" (Lives up to Five Years) | | | | | | | |
| 12¾pc 1992‡‡ | | 100⅛xd | — | 101½ | 100⅛ | 12.73 | — |
| [illegible] | | | | | | | |

**BRITISH FUNDS - Cont.**

| | Notes | Price £ | +or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| 15½pc '98‡‡ | | 127⅝ | | | 121¾ | 12.17 | 9.81 |
| Exch 12pc 1998 | | 111½ | | | 104⅝ | | 9.72 |
| Treas 9½pc 1999‡‡ | | | | | | 9.47 | 9.44 |
| Exch 12¼pc 1999 | | 112¼ | | | | | 9.74 |
| Treas 10½pc 1999 | | | | | | | 9.61 |
| Conversion 10¼pc 1999 | | | | | | | 9.60 |
| 9pc 2000‡‡ | | | | | | | 9.42 |
| Treas 13pc 2000 | | | | | 110½ | | 9.76 |
| [illegible] | | | | | | | |

**BRITISH FUNDS - Cont.**

| Index-Linked | Notes | Price £ | +or - | 1991/92 high | 1991/92 low | Yield (1) | Yield (2) |
|---|---|---|---|---|---|---|---|
| Treas. 2pc '94 | (102.9) | | | | | | 3.94 |
| 2pc '96 | (67.9) | | — | | | | 4.03 |
| 2½pc '01 | (78.3) | | | | | 4.61 | 4.30 |
| 2½pc '03 | (78.8) | | | | 133 | | 4.32 |
| 2pc '06 | (69.5) | 142¼xd | | | 135 | 4.14 | 4.34 |
| 2½pc '09 | (78.8) | | | | | 4.16 | 4.34 |
| 2½pc '11 | (74.6) | | | | | 4.17 | 4.33 |
| 2½pc '13 | (89.2) | | | | | 4.17 | 4.32 |
| 2½pc '16 | (81.6) | | | | | 4.16 | 4.31 |
| 2½pc '20 | (83.0) | | | | | 4.16 | 4.29 |
| 2½pc '24‡‡ | (97.7) | | | | | 4.14 | 4.26 |

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1991: 133.1 and for November 1991: 135.6.

**OTHER FIXED INTEREST**

| | Notes | Price £ | +or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| African Dev 11⅛ 2010 | | | | | | 10.79 | 10.08 |
| Asian Dev 10¼pc 2009 | | | | | | 10.33 | 9.82 |
| B'ham 11½pc 2012 | | | | | | 11.33 | 10.76 |
| [illegible] | | | | | | | |

## APPOINTMENTS

# Bank swap-shop

NATIONAL WESTMINSTER and TSB Group, a couple of the weaker members of the British banking establishment, yesterday both changed their chief financial officers in two highly unusual moves.

John Burns (right) leaves NatWest, his stable for the past 40 years, most recently as general manager and group chief financial officer, to become group finance director at TSB. Burns, who is 56, had been a director since 1989. He succeeds Dolf Mootham who retires after the TSB annual general meeting in March.

The incoming chief financial officer at NatWest is 49-year-old American Richard Goeltz (far right), previously executive vice-president of the Seagram company in New York. Goeltz yesterday described his mission at NatWest as helping it to become a truly global bank in the banking markets of the 1990s.

While his career has been in the US, he has visited London at least five times a year for the past two decades.

He also already knows NatWest well from his days as a corporate finance officer. "The key thing that has struck me is that all the senior officers of NatWest have a great team spirit and eagerness to work together," he says.

At TSB, which yesterday unveiled its first ever loss over a full year, Burns is expected to bring sophisticated corporate banking expertise to a boardroom dominated by marketing people.

It is understood he was attracted by the prospect of wielding very considerable influence in his new position, possibly second only to that of chairman Sir Nicholas Goodison.

■ At CHEMRING, Ian Fairfield, former chairman, becomes non-executive deputy chairman and Philip Billington, former chief executive, becomes executive chairman. David Evans, chief executive of Chemring Ltd, is promoted to the new post of group md.

■ Chris Beckett, David Cruttenden, Dennis Kupchik and Kevin Mellor have been appointed directors of UNITED TRANSPORT INTERNATIONAL; they are all chief executives of operational divisions. Ken Secrett and two non-execs Robert Brook and Stephen Matthews have retired from the board.

■ T&N has appointed Jim Muir md of its German subsidiary Ferodo Beral in succession to Ian Darke who is now responsible for Ferodo Beral's aftermarket sales.

■ Kenneth Templeton, formerly finance director, operations at TI's corporate HQ, is promoted to the new post of finance director of Bundy International. Miles Vere-Hodge, formerly director of corporate finance at HQ, is promoted to another new post, finance director of John Crane International.

# Eyeing a 'spectacular turnround'

CROWN COMMUNICATIONS which, on Wednesday, announced a £6.79m loss for the year ending September 1991, has appointed a new finance director. David Whitaker comes to the group which owns LBC radio from the cable and telecommunications industry.

Whitaker, 42, replaces Ian Stevenson, who is returning to Edinburgh to run his own accountancy firm, but who remains a non-executive director. Crown says that the latter's departure was unconnected with the poor 1991 results; originally appointed for just a year to see the company through a difficult patch, he had stayed for more than two and had made clear his intentions of going some six months ago. Crown had then appointed another finance director but he died suddenly, at the age of 40.

Whitaker was part of the cable tv revolution at its inception in 1984, first with Windsor TV, then with Cable Communications, now owned by Southwestern Bell; for the past year he has worked as a consultant to foreign companies interested in breaking into UK telecommunications.

While he acknowledges the challenge of his assignment, he reckons that "given the right conditions, the turnround (at Crown) could be quite spectacular".

At the same time, chief executive David Haynes, a New Zealander who has spent a large part of his working life in Australia, has promoted Australian Peter Benson to the position of group director. Benson joined Crown in July 1991 as group general manager; he had come from Sky Television where, as general manager, he had been involved in its launch.

## Do It All

Steve Russell will be the new md of Do It All on the retirement of Peter Dobson. Confusion may have been caused by our report in earlier editions yesterday.

# LONDON SHARE SERVICE

## AMERICANS

| Notes | Price £ | + or - | 1991/92 high | low | Mkt Cap£m | Yld Gr's |
|---|---|---|---|---|---|---|
| Abbott Labs | 36¼xd | -⅛ | 38⅝ | 20⅞ | 15,383 | 1.5 |
| ♥Allegheny & W | 282p | +14 | 386p | 218p | 130.7 | 6.1 |
| Amdahl | 994pxd | -24 | 1010p | 667p | 1,183 | 0.5 |
| Amer Cyanamid | 38¼ | +1⅜ | 42½ | 25⅜ | 3,427 | 2.2 |
| Amer Express | 12⅝xd | -⅛ | 17⅞ | 9⅛ | 5,938 | 4.3 |
| Amer T & T | 23¼xd | +⅜ | 24½ | 15¼ | 38,513 | 3.0 |
| Ameritech | 38¼ | -⅜ | 38⅞ | 32½ | 15,871 | 5.0 |
| BankAmerica | 23½xd | +⅝ | 26⅜ | 12⅜ | 5,189 | 2.7 |
| Bankers NY | 37¼xd | +⅜ | 38⅞ | 20⅝ | 3,050 | 7.0 |
| Bell Atlantic | 26¼xd | -⅜ | 30½ | 24¼ | 10,323 | 5.1 |
| BellSouth | 28⅝ | -½ | 31¼ | 25 | 13,894 | 5.1 |
| ♥Bethlehem Steel | 8⅜xd | +⅛ | 11¼ | 6⅜ | 838.3 | 2.5 |
| Bowater | 1485p | +52 | 1839p | 1042p | 827.7 | 4.4 |
| CPC | 49¼xd | +⅝ | 64⅞ | 37⅞ | 3,722 | 2.4 |
| California Engy | 748p | -29 | 930p | 420p | 135.8 | - |
| Campbell Soup h | 22⅞ | -⅜ | 25 | 14⅛ | 5,577 | 1.7 |
| Chase Manhattan | 12⅞ | +⅜ | 12⅞ | 5⅞ | 1,891 | 5.2 |
| Chrysler | 8⅜xd | +⅜ | 9⅞ | 5⅜ | 2,383 | 3.8 |
| Citicorp | 8⅞xd | +1⅛ | 10⅜ | 4⅝ | 2,941 | - |
| Colgate-Palm | 27½xd | -⅛ | 27⅝ | 21⅞ | 3,999 | 2.1 |
| Cont'l Bank | 681p | +33 | 929p | 438p | 693.2 | 6.3 |
| Dana | 18¼xd | +1⅛ | 21⅝ | 13⅝ | 745.8 | 4.7 |
| Data General | 1084p | — | 1282p | 203p | 277.0 | - |
| Dial | 25⅞xd | -⅛ | 25⅞ | 12⅞ | 1,357 | 2.8 |
| Dun & Brad | 31⅞ | -⅜ | 31⅝ | 20⅜ | 5,618 | 3.7 |
| Eaton | 37⅞ | +⅝ | 40 | 24¼ | 1,275 | 3.1 |
| Echlin | 8⅞xd | +¼ | 8⅞ | 5½ | 478.2 | 4.4 |
| FPL | 19⅝xd | — | 20⅛ | 14⅞ | 3,328 | 6.5 |
| Fluor | 25½xd | +1 | 30⅛ | 17⅞ | 2,145 | 0.8 |
| Ford Motor | 17¼xd | +⅝ | 23¼ | 13 | 3,838 | 2.9 |
| Gen Elect | 43¾xd | +1⅝ | 46⅞ | 28⅞ | 37,913 | 2.7 |
| ♥General Host | 447p | +19 | 568p | 270p | - | 4.3 |
| Gillette | 29¼xd | -⅜ | 45¼ | 20⅞ | 6,385 | 1.1 |
| Hasbro | 23¼ | -⅛ | 24 | 794p | 1,361 | 0.5 |
| Honeywell | 40¼xd | +⅞ | 40¼ | 21⅜ | 2,887 | 2.2 |
| Houston Inds | 23⅞ | -⅜ | 24¼ | 17⅞ | 3,088 | 6.8 |
| IBM | 63⅞xd | +2⅛ | 72⅞ | 45 | 30,823 | 4.8 |
| Ingersoll-Rand | 31⅞xd | +1⅞ | 32½ | 18⅞ | 1,817 | 2.3 |
| Lockheed | 24⅞xd | +⅜ | 28⅛ | 16⅝ | 1,548 | 4.4 |
| Lowe's | 2287p | -1 | 2288p | 1245p | 893.5 | 1.4 |
| Man Hanover ♦ | 13xd | — | 18⅞ | 9½ | 989.8 | 7.7 |
| Merrill Lynch | 37¾xd | -2⅛ | 39⅞ | 10⅞ | 3,875 | 1.4 |
| Morgan (JP) | 36⅜xd | -1 | 38¼ | 21⅞ | 5,878 | 3.2 |
| Morris (Philip) | 44⅞xd | -⅜ | 44⅝ | 25⅞ | 41,141 | 2.5 |

## CANADIANS

## BANKS

## BREWERS & DISTILLERS

## BUILDING MATERIALS

## BUILDING MATERIALS - Cont.

## BUSINESS SERVICES

## CHEMICALS

## CONGLOMERATES

## CONTRACTING & CONSTRUCTION

## CONTRACTING & CONSTRUCTION - Cont.

## ELECTRICALS

## ELECTRICITY

## ELECTRONICS

## ENGINEERING - AEROSPACE

## ENGINEERING - GENERAL

## ENGINEERING - GENERAL - Cont.

## FOOD MANUFACTURING

## FOOD RETAILING

## HEALTH & HOUSEHOLD

## HEALTH & HOUSEHOLD - Cont.

## HOTELS & LEISURE

## INSURANCE BROKERS

## INSURANCE COMPOSITE

## INSURANCE LIFE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

هكذا من الأصل

# LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

## MEDIA

## MERCHANT BANKS

## METALS & METAL FORMING

## MISCELLANEOUS

## MISCELLANEOUS - Cont.

## MOTORS

## OIL & GAS

## OIL & GAS - Cont.

## OTHER FINANCIAL

## OTHER INDUSTRIAL MATERIALS

## PACKAGING, PAPER & PRINTING

## PACKAGING, PAPER & PRINTING - Cont.

## PROPERTY

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## STORES - Cont.

## TELEPHONE NETWORKS

## TEXTILES

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## PLANTATIONS

## MINES

## MINES - Cont.

## GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International

● "Tap Stock"

\- Highs and lows marked thus have been adjusted to allow for rights issues for cash

† Interim since increased or resumed

‡ Interim since reduced, passed or deferred

‡‡ Tax-free to non-residents on application

◆ Figures or report awaited

♥ Not officially UK listed; dealings permitted under rule 535(4)(a)

♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.

†† Not officially UK listed; dealings permitted under Rule 535(2)

# Price at time of suspension

¶ Indicated dividend yield after pending scrip and/or rights issue.

d Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.

L Estimated annualised yield, p/e based on latest annual earnings.

M Yield based on prospectus or other

xd ex dividend;

xc ex scrip issue;

xr ex rights;

xa ex all;

xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

## AUTHORISED UNIT TRUSTS

### Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **High Income** | | | | | | |
| Gilts & Fixed Int | 6 | 117.6 | 117.6 | 124.8 | - | 9.21 |
| High Inc Equity | 6 | 121.9 | 125.1xd | 133.0 | +0.2 | 6.39 |
| Worldwide Bond | 6 | 222.1 | 222.1xd | 235.5 | -0.7 | 6.37 |
| **Capital Growth** | | | | | | |
| American Growth | 6 | 214.9 | 214.9 | 229.8 | +1.2 | .97 |
| Asian Pacific | 6 | 127.9 | 130.6 | 138.9 | +2.0 | 1.13 |
| Assets & Earnings | 6 | 179.7 | 179.7xd | 192.1 | +0.7 | 3.12 |
| Capital Reserve Acc | 0 | 111.4 | 111.4 | 111.5 | - | 6.80 |
| Capital Reserve Inc | 0 | 88.11 | 88.11 | 88.19 | -0.03 | 6.80 |
| Comdty & Energy | 6 | 71.90 | 71.90 | 76.89 | -0.21 | 1.77 |
| 1992 Enterprise | 6 | 64.95 | 64.95 | 69.46 | -0.04 | 2.97 |
| Euro Capital Acc | 6 | 88.05 | 88.05 | 94.17 | +0.41 | 1.11 |
| Euro Capital Inc | 6 | 84.12 | 84.12 | 89.96 | +0.40 | 1.11 |
| General | 6 | 165.3 | 165.3 | 176.7 | -0.1 | 2.83 |
| Japan | 6 | 89.78 | 89.78xd | 96.02 | -0.31 | - |
| Mastertrust | 6 | 88.90 | 88.90 | 95.08 | -0.01 | 2.69 |
| UK Growth Acc | 6 | 165.3 | 172.1 | 183.0 | .... | 2.18 |
| UK Growth Dist | 6 | 105.1 | 109.4xd | 116.3 | .... | 2.22 |
| US Emerging Cos | 6 | 86.66 | 88.29 | 93.92 | +0.56 | - |
| Income & Growth | 6 | 286.1 | 286.1xd | 305.9 | -0.7 | 4.58 |
| Ethical | 6 | 52.12 | 53.51 | 56.92 | -0.02 | 2.74 |
| International | 6 | 61.93 | 62.78 | 66.78 | -0.02 | 1.32 |
| Dividend & Growth | 6 | 45.25 | 46.40 | 49.36 | -0.05 | 6.08 |
| Global Gwth & Sec | 6 | 52.82 | 53.14 | 56.53 | +0.19 | 3.08 |

### Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

### Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Balanced Growth | 6 | 75.81 | 77.02 | 82.38 | (z) | 3.00 |
| Do (Accum) | 6 | 81.19 | 82.49 | 88.23 | (z) | 3.00 |
| Service Cos | 6 | 64.20 | 64.20 | 68.66 | (z) | 2.26 |
| Do (Accum) | 6 | 68.18 | 68.18 | 72.92 | (z) | 2.26 |
| Income Growth | 6 | 39.29 | 39.29xd | 42.02 | (z) | 5.70 |
| Do (Accum) | 6 | 56.58 | 56.58 | 60.51 | (z) | 5.70 |
| Higher Yield | 6 | 30.88 | 30.89xd | 33.03 | (z) | 4.90 |
| Do (Accum) | 6 | 40.27 | 40.27 | 43.07 | (z) | 4.90 |
| American Gth Inc | 6 | 39.18 | 39.18 | 41.90 | (z) | 0.63 |
| Do (Accum) | 6 | 39.92 | 39.92 | 42.70 | (z) | 0.63 |
| European Growth | 6 | 25.30 | 25.30 | 27.06 | (z) | 1.74 |
| Do (Accum) | 6 | 26.01 | 26.01 | 27.82 | (z) | 1.74 |
| Global Bond Inc | 6 | 23.17 | 23.17 | 24.78 | (z) | 6.48 |
| Do (Accum) | 6 | 27.49 | 27.49 | 29.40 | (z) | 6.48 |
| Managed P'folio Inc | 6 | 26.09 | 26.17 | 27.99 | (z) | 0.22 |
| (Do Accum) | 6 | 26.09 | 26.17 | 27.99 | (z) | 0.22 |

### Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Mngd P'folio Inc | 6 | 79.92 | 79.92 | 85.11 | +0.64 | 2.44 |
| Mngd P'folio Acc | 6 | 147.5 | 147.5 | 157.1 | +1.30 | - |
| UK General | 6 | 115.9 | 115.9 | 123.4 | -0.90 | 4.11 |
| Cmdty & General | 6 | 16.00 | 16.00xd | 17.04 | +0.09 | 11.17 |
| European Inc | 6 | 20.30 | 20.30 | 21.87 | +0.25 | 0.52 |
| European Acc | 6 | 20.85 | 20.85 | 22.46 | +0.25 | - |
| Financial | 6 | 92.44 | 92.44 | 98.45 | +0.32 | 4.80 |
| Foundation | 6 | 59.94 | 61.41 | 65.40 | +0.03 | 4.29 |
| German | 6 | 35.28 | 35.29 | 37.61 | -0.67 | 0.11 |
| Growth Inc (15-1) | 5 | 23.20 | 23.25 | 24.76 | +0.14 | 3.74 |
| Growth Acc (15-1) | 5 | 26.02 | 26.08 | 27.78 | -0.16 | - |
| High Income | 6 | 55.35 | 56.52 | 60.48 | -0.15 | 7.23 |
| Income | 6 | 90.41 | 90.41 | 96.56 | +0.61 | 5.61 |
| Intl Income | 6 | 76.67 | 76.67xd | 81.65 | +0.09 | 5.90 |
| Intl Growth ‡ | 6 | 29.95 | 29.95 | 31.90 | +0.60 | 0.25 |
| Monthly Income | 6 | 53.94 | 55.73xd | 59.35 | -0.07 | 5.68 |
| North American | 6 | 85.86 | 86.56xd | 92.19 | +1.94 | 0.24 |
| Orient ‡ | 6 | 87.93 | 87.93 | 94.61 | +1.06 | - |

## Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (◆) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071-379-0444.

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

## INSURANCES

### Century Life Plc
2 Eyre Street Hill, London EC1R 5AE 071-278 4488
City Of Edinburgh Life Assurance

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Life Funds** | | | | |
| Far East Emerg Econ | 40.7 | 42.7 | +1.4 | - |
| Fund of Inv Tsts | 56.9 | 59.7 | -1.7 | - |
| Money | 156.8 | 164.7 | ..... | - |
| Special Situations | 84.1 | 88.3 | +0.2 | - |
| UK Growth | 127.4 | 133.7 | +0.2 | - |
| World Growth | 124.4 | 130.6 | +0.5 | - |
| **Pension Funds** | | | | |
| Fund of Inv Tsts | 127.6 | 134.0 | -3.9 | - |
| Special Situations | 124.4 | 130.6 | +0.3 | - |
| UK Growth | 212.6 | 223.3 | +0.3 | - |
| World Growth | 153.8 | 161.5 | +0.6 | - |
| **UK Life Assurance** | | | | |
| Managed | 104.5 | 110.0 | +0.2 | - |
| Property | 116.4 | 122.5 | +0.6 | - |
| Equity | 135.4 | 142.5 | +0.1 | - |
| International | 91.4 | 96.2 | +0.2 | - |
| Fixed Interest | 130.3 | 137.2 | +0.4 | - |
| Deposit | 138.9 | 146.2 | ..... | - |
| Langham "A" Plan | 105.9 | 111.4 | ..... | - |
| Langham Prop Bond | 611.0 | 643.1 | ..... | - |
| Langham Wisp Managed | 160.0 | 168.4 | .. | - |
| **Pension Funds** | | | | |
| Managed Capital | 77.1 | 81.1 | +0.2 | - |
| Managed Accum | 108.0 | 113.7 | +0.3 | - |
| Property Capital | 87.6 | 92.2 | +0.7 | - |
| Property Accum | 122.5 | 129.0 | +0.9 | - |
| Equity Capital | 103.6 | 109.1 | +0.2 | - |
| Equity Accum | 145.2 | 152.8 | +0.2 | - |
| Intl Capital | 64.1 | 67.5 | +0.2 | - |
| Intl Accum | 89.7 | 94.5 | +0.3 | - |
| Fxd Int Capital | 104.0 | 109.5 | +0.4 | - |
| Fxd Int Accum | 145.5 | 153.2 | +0.5 | - |
| Deposit Capital | 120.2 | 126.6 | ..... | - |
| Deposit Accum | 168.5 | 177.4 | +0.1 | - |
| Langham Harvest | 276.7 | 291.2 | ..... | - |

### Eagle Star Life Assurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 221 311

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Secure Fund | 154.2 | 162.4 | ..... | - |
| Blue Chip Fund | 187.5 | 197.4 | ..... | - |
| Performance Fund | 183.0 | 192.7 | +0.5 | - |
| Adventurous Fund | 163.4 | 172.1 | -0.4 | - |
| Blue Chip Fd (2nd Series) | 118.8 | 125.1 | ..... | - |
| Performance Fd (2nd Ser) | 116.4 | 122.6 | +0.3 | - |
| Adventurous Fd (2nd Ser) | 120.6 | 127.0 | -0.3 | - |
| UK Pref & Fixed Int Fd | 116.4 | 122.6 | ..... | - |
| UK Equity Fund | 115.1 | 121.2 | -0.1 | - |
| Property Fund | 101.3 | 106.7 | ..... | - |
| Environmental Opps Fd | 116.1 | 122.3 | +1.0 | - |
| European Fund | 108.5 | 114.3 | +0.7 | - |
| North American Fd | 140.2 | 147.6 | +1.7 | - |
| Oriental Opps Fund | 119.4 | 125.7 | +1.80 | - |
| Japanese Fund | 98.8 | 104.1 | -1.0 | - |
| With Profits | 100.7 | 106.0 | ..... | - |
| Bristol & West Life Fd | 105.5 | 111.1 | ..... | - |
| Pensions Secure | 169.1 | 178.0 | ..... | - |
| Pensions Blue Chip | 162.3 | 170.9 | +0.10 | - |
| Pensions Performance | 124.2 | 130.8 | +0.3 | - |
| Pensions Adventurous | 115.9 | 122.1 | -0.2 | - |
| Pensions With Profits | 107.9 | 113.5 | ..... | - |
| Pens UK Pref & Fxd Int | 111.8 | 117.7 | ..... | - |
| Pens UK Equity | 119.6 | 125.9 | -0.1 | - |
| Pens Property | 98.60 | 103.8 | ..... | - |
| Pens Environmental Opps | 125.0 | 131.6 | +1.4 | - |
| Pens European | 111.8 | 117.7 | +1.0 | - |
| Pens Nth American | 126.7 | 133.4 | (z) | - |
| Pens Oriental Opps | 121.5 | 127.9 | +2.10 | - |
| Pens Japanese | 105.9 | 111.5 | -1.30 | - |
| Pens Unitised With Profits | 157.9 | 166.2 | +0.2 | - |
| Bristol & West Pens Fd | 110.7 | 116.6 | ..... | - |

### Eagle Star Insur./Midland Assur.
60 St. Mary Axe, London EC3 071-929 1111

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Eagle/Mid. Units | 218.7 | 226.6 | +0.5 | 4.04 |

## OTHER UK UNIT TRUSTS

Continued on next page

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### N & P Life Assurance Ltd

6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Life Managed Fd | 109.8 | 115.6 | — | – |
| Pension Managed Fd | 108.6 | 114.3 | — | – |
| Life Deposit Fd | 111.9 | 117.8 | — | – |
| Pension Deposit Fd | 119.2 | 125.4 | — | – |

For National Fin see Target Life

### National Mutual Life

The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Harvester Pension Funds | | | | |
| Managed | 170.3 | 179.3 | — | – |
| UK Equity | 178.3 | 187.7 | — | – |
| Overseas Equity | 137.6 | 144.9 | — | – |
| Fixed Interest | 159.0 | 167.4 | — | – |
| Property | 127.3 | 134.1 | — | – |
| Index Linked | 153.3 | 161.4 | — | – |
| Deposit | 166.5 | 175.3 | — | – |
| With Profits (B) | 136.2 | 143.5 | — | – |

### National Provident Institution

48 Gracechurch St, London EC3P 3HH 071-623 4200

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed | 357.1 | 375.9 | — | – |
| UK Equity | 444.8 | 468.3 | — | – |
| Overseas Eq | 347.2 | 365.5 | -0.4 | – |
| Americas | 308.3 | 324.6 | — | – |
| Far East | 352.1 | 370.7 | +0.8 | – |
| Property | 194.1 | 204.4 | +0.4 | – |
| Fixed Int | 277.6 | 292.3 | -0.2 | – |
| Indexed Gilt | 163.1 | 171.7 | -0.1 | – |
| Deposit | 190.1 | 200.2 | — | – |
| With Profit | 106.6 | 112.2 | — | – |
| Pension Fund (Accum Units) | | | | |
| Managed | 516.8 | 544.0 | +1.0 | – |
| UK Equity | 601.0 | 632.7 | -0.1 | – |
| Overseas Eq | 589.7 | 620.8 | +3.6 | – |
| Americas | 403.4 | 424.7 | +3.1 | – |
| Far East | 584.8 | 615.6 | +5.6 | – |
| Property | 248.8 | 261.9 | +0.8 | – |
| Fixed Int | 347.1 | 365.4 | -0.1 | – |
| Indexed Gilt | 177.8 | 187.2 | — | – |
| Deposit | 270.0 | 284.3 | — | – |
| NPI Pensions Management Ltd | | | | |
| Managed Fund | 1078.5 | 1097.8 | — | – |

Prices January 2 Next dealing February 3

### Providence Capital Life Assc. Co Ltd

2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| UK Equity Acc | 218.6 | 230.6 | +0.8 | – |
| UK Fixed Int Acc | 196.6 | 207.4 | -0.2 | – |
| Intl Equities Acc | 178.4 | 188.2 | +0.5 | – |
| UK Managed Acc | 172.7 | 182.1 | +0.4 | – |
| Property Acc | 225.6 | 238.0 | — | – |
| Money Acc | 135.1 | 142.6 | +0.1 | – |
| Special Market Acc | 154.8 | 163.3 | -0.7 | – |
| Japan Equity Acc | 92.9 | 98.1 | +0.1 | – |
| North American Acc | 113.1 | 119.4 | +2.2 | – |
| Pacific Acc | 94.2 | 99.4 | +1.0 | – |
| Technology Acc | 141.4 | 149.2 | +2.8 | – |
| Nat Resources Acc | 56.6 | 59.8 | +0.6 | – |
| European Acc | 102.5 | 108.2 | +0.9 | – |
| Residential Prop Acc | 85.0 | 89.7 | — | – |
| Swiss Equities Acc | 33.9 | 35.8 | +0.1 | – |
| Hong Kong Acc | 71.8 | 75.8 | +0.6 | – |
| UK High Inc Eq Acc | 69.8 | 73.7 | +0.5 | – |
| Int Fixed Interest Acc | 62.2 | 65.7 | +0.1 | – |
| Int Managed Acc | 57.8 | 60.9 | +0.2 | – |
| HIP Managed Acc | 117.8 | 124.2 | — | – |
| HIP Managed II Acc | 103.9 | 109.5 | -0.2 | – |
| HIP Managed III Acc | 112.2 | 118.3 | +0.1 | – |
| Total Investment Bond | | | | |
| UK Equity Initial | 148.0 | | +0.5 | – |
| UK Fixed Int Initial | 133.3 | | -0.1 | – |
| Intl Equities Initial | 120.1 | | +0.3 | – |
| UK Managed Initial | 117.1 | | +0.3 | – |
| Property Initial | 154.1 | | — | – |
| Money Initial | 92.1 | | — | – |
| Special Market Initial | 119.7 | | -0.6 | – |
| Japan Equity Initial | 71.9 | | +0.1 | – |
| North American Initial | 87.5 | | +1.7 | – |
| Pacific Initial | 72.8 | | +0.7 | – |
| Technology Initial | 109.3 | | +2.0 | – |
| Nat Resources Initial | 43.8 | | +0.4 | – |
| European Initial | 91.5 | | +0.7 | – |
| Residential Prop Init | 80.8 | | — | – |
| Swiss Equities Initial | 32.3 | | +0.2 | – |
| Hong Kong Initial | 68.3 | | +0.6 | – |
| UK High Inc Eq Init | 66.4 | | +0.5 | – |
| Int Fixed Interest Init | 60.0 | | — | – |
| Int Managed Init | 55.8 | | +0.1 | – |
| HIP Managed Init | 114.0 | | — | – |
| HIP Managed II Initial | 101.9 | | -0.1 | – |
| HIP Managed III Init | 111.2 | | — | – |

## OFFSHORE INSURANCES

## MANAGEMENT SERVICES

## OFFSHORE AND OVERSEAS

## BERMUDA (SIB RECOGNISED)

## CANADA (SIB RECOGNISED)

## GUERNSEY (SIB RECOGNISED)

## GUERNSEY (REGULATED)

## IRELAND (SIB RECOGNISED)

## IRELAND (REGULATED)

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## ISLE OF MAN (SIB RECOGNISED)

## ISLE OF MAN (REGULATED)

## JERSEY (SIB RECOGNISED)

## JERSEY (REGULATED)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar holds on to new gains

The dollar shook off profit-taking pressures yesterday to retain most of the gains made in its spectacular rally on Tuesday and Wednesday, *writes Simon London.*

In Far Eastern trading the dollar began to slip back from the high levels seen in New York on Wednesday, as some dealers took profits on long dollar positions held since last week.

However, there was support at around the DM1.6150 and Y127.50 levels as operators with an optimistic view of the prospects for the US currency stepped in. By the close in Tokyo, the US unit stood at DM1.6225, from DM1.6235 in New York, and Y128.43, from Y128.55.

However, selling pressures again emerged in early European trading. The dollar was pushed down to DM1.6065 and Y127.65 at one stage before rebounding.

In addition to profit taking pressures, traders said rumours that the Group of Seven industrial countries will intervene to cap the rapid appreciation of the dollar had blunted positive sentiment.

Yet no central bank intervention was forthcoming and central banking sources made no overt comments on currency rates. By mid-morning in London, the US unit had been pushed back up over DM1.6150 and Y128, levels maintained through most of the afternoon session.

The dollar dipped briefly on the announcement of US infalion data for December which was broadly in line with expectations but underlined that the monetary authorities have room to lower interest rates again.

The consumer price index rose 0.3 per cent in the month, against expectations of a 0.2 per cent rise, bringing inflation to a year-on-year rate of 3.1 per cent for the whole of 1991, from 6.1 per cent in 1990.

The dollar closed in London at DM1.6185, from DM1.6220 on Wednesday, and Y128.30 from Y128.40.

Analysts said that the US currency is now constrained within a DM1.6280 to DM1.60 range, with little clear direction. The rally last week and this week was driven largely by technical trading by intermediaries, with little change in the underlying economic fundamentals. Until some more conclusive economic data is release, the prospects for the dollar will remain clouded.

Within the European exchange rate mechanism, sterling remained the weakest currency, pinned to the outer limit of its permitted divergence from the Spanish peseta, the strongest currency.

Sterling traded within a narrow range between DM2.8450 and DM2.85 for most of the day, pushing up above DM2.85 in late afternoon and closing at DM2.85 exactly, from DM2.8475 on Wednesday.

However, this remained only just above the UK currency's effective floor within the ERM. The Spanish currency also appreciated slightly against the D-Mark, closing as Pta63.43 from DM63.495 on Wednesday, lifting the floor for sterling.

### £ IN NEW YORK

| Jan.16 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.7660-1.7670 | 1.7520-1.7530 |
| 1 month | 0.97-0.95pm | 1.00-0.98pm |
| 3 months | 2.74-2.71pm | 2.83-2.80pm |
| 12 months | 9.28-9.21pm | 9.32-9.22pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

### CURRENCY MOVEMENTS

### CURRENCY RATES

### OTHER CURRENCIES

*Floating rate.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Jan 16 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 133.631 | 129.453 | −3.13 | 6.09 | 54 |
| Dutch Guilder | 2.31643 | 2.29588 | −0.89 | 3.69 | 36 |
| Belgian Franc | 42.4032 | 41.9807 | −1.00 | 3.81 | 40 |
| D-Mark | 2.05586 | 2.03864 | −0.84 | 3.64 | 43 |
| Irish Punt | 0.767417 | 0.765417 | −0.26 | 3.04 | 5 |
| Italian Lira | 1538.24 | 1536.40 | −0.12 | 2.90 | −3 |
| Danish Krone | 7.84195 | 7.90678 | 0.83 | 1.93 | −45 |
| French Franc | 6.89509 | 6.95395 | 0.85 | 1.90 | −56 |
| Sterling | 0.696904 | 0.716233 | 2.77 | 0.00 | −54 |

*Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.*

### POUND SPOT - FORWARD AGAINST THE POUND

| Jan 16 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.7535 - 1.7695 | 1.7600 - 1.7610 | 0.97-0.95cpm | 6.54 | 2.73-2.70pm | 6.17 |
| Canada | 2.0240 - 2.0405 | 2.0240 - 2.0250 | 0.64-0.57cpm | 3.59 | 1.77-1.64pm | 3.37 |
| Netherlands | 3.1975 - 3.2215 | 3.2050 - 3.2150 | ¼-⅛cpm | 0.93 | ¾-⅝pm | 0.93 |
| Belgium | 58.40 - 58.95 | 58.55 - 58.65 | 8-3cpm | 1.13 | 21-16pm | 1.26 |
| Denmark | 11.0120 - 11.0750 | 11.0650 - 11.0750 | ⅜-⅛orepm | 0.47 | 1⅜-⅞pm | 0.50 |
| Ireland | 1.0665 - 1.0720 | 1.0705 - 1.0715 | 0.06-parcpm | 0.34 | 0.17-0.04pm | 0.39 |
| Germany | 2.8410 - 2.8525 | 2.8475 - 2.8525 | ⅜-⅛pfpm | 1.05 | ⅞-⅝pm | 0.96 |
| Portugal | 245.45 - 248.00 | 246.50 - 247.50 | 81-96cdis | −4.30 | 208-239dis | −3.62 |
| Spain | 180.35 - 181.20 | 180.75 - 181.05 | 24-30cdis | −1.79 | 74-85dis | −1.76 |
| Italy | 2141.45 - 2154.50 | 2147.25 - 2148.25 | 1-3liredis | −1.12 | 5-8dis | −1.21 |
| Norway | 11.1620 - 11.2305 | 11.2175 - 11.2275 | ⅜-⅛orepm | 0.27 | ⅝-⅛pm | 0.16 |
| France | 9.6940 - 9.7250 | 9.7075 - 9.7175 | ⅞-⅜cpm | 0.62 | 1⅝-1⅛pm | 0.59 |
| Sweden | 10.3425 - 10.3980 | 10.3875 - 10.3975 | 1⅝-2oredis | −2.09 | 4¼-5dis | −1.78 |
| Japan | 225.25 - 226.25 | 225.25 - 226.25 | 1⅛-⅞ypm | 5.32 | 3-2⅝pm | 5.20 |
| Austria | 19.97 - 20.13 | 20.05 - 20.08 | 2-⅞gropm | 0.86 | 4¼-2⅝pm | 0.74 |
| Switzerland | 2.5250 - 2.5350 | 2.5250 - 2.5350 | ⅜-⅛cpm | 2.96 | 1⅞-1⅝pm | 2.77 |
| Ecu | 1.3950 - 1.3995 | 1.3985 - 1.3995 | 0.06-0.02cpm | 0.34 | 0.12-0.06pm | 0.26 |

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.20-5.15cpm. 12 Month 9.33-9.23pm

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| Jan 16 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.7535 - 1.7695 | 1.7600 - 1.7610 | 0.97-0.95cpm | 6.54 | 2.73-2.70pm | 6.17 |
| Ireland† | 1.6410 - 1.6555 | 1.6410 - 1.6420 | 0.90-0.85cpm | 6.40 | 2.52-2.42pm | 6.02 |
| Canada | 1.1515 - 1.1585 | 1.1540 - 1.1550 | 0.28-0.30cdis | −3.01 | 0.80-0.85dis | −2.86 |
| Netherlands | 1.8095 - 1.8300 | 1.8225 - 1.8235 | 0.82-0.85cdis | −5.50 | 2.34-2.38dis | −5.18 |
| Belgium | 33.10 - 33.40 | 33.25 - 33.35 | 13.00-16.00cdis | −5.23 | 39.00-44.00dis | −4.98 |
| Denmark | 6.2300 - 6.2950 | 6.2850 - 6.2900 | 2.95-3.25oredis | −5.92 | 8.50-9.10dis | −5.60 |
| Germany | 1.6065 - 1.6270 | 1.6180 - 1.6190 | 0.73-0.74pfdis | −5.45 | 2.09-2.11dis | −5.19 |
| Portugal | 140.10 - 140.75 | 140.65 - 140.75 | 121-128cdis | −10.62 | 326-341dis | −9.48 |
| Spain | 102.15 - 103.10 | 102.85 - 102.95 | 69-72cdis | −8.22 | 202-210dis | −8.01 |
| Italy | 1212.50 - 1224.30 | 1219.75 - 1220.25 | 7.70-8.20liredis | −7.82 | 22.40-23.40dis | −7.51 |
| Norway | 6.3200 - 6.3800 | 6.3725 - 6.3775 | 3.25-3.60oredis | −6.45 | 9.55-10.05dis | −6.15 |
| France | 5.4820 - 5.5450 | 5.5150 - 5.5200 | 2.68-2.73cdis | −5.88 | 7.72-7.82dis | −5.63 |
| Sweden | 5.8530 - 5.9195 | 5.9000 - 5.9050 | 4.10-4.35oredis | −8.59 | 11.40-11.85dis | −7.88 |
| Japan | 127.65 - 128.55 | 128.25 - 128.35 | 0.12-0.13ydis | −1.17 | 0.31-0.33dis | −1.00 |
| Austria | 11.3150 - 11.4025 | 11.3800 - 11.3850 | 5.05-5.50grodis | −5.56 | 14.50-15.70dis | −5.31 |
| Switzerland | 1.4250 - 1.4450 | 1.4365 - 1.4375 | 0.42-0.45cdis | −3.63 | 1.21-1.26dis | −3.44 |
| Ecu | 1.2530 - 1.2660 | 1.2565 - 1.2575 | 0.67-0.64cpm | 6.25 | 1.88-1.81pm | 5.87 |

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

### EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 5½-5⅜ per cent; three years 6⅛-6 per cent; four years 6⅝-6½ per cent; five years 7-6⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Jan.16 | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C$ | B Fr. | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.761 | 2.850 | 225.8 | 9.713 | 2.530 | 3.210 | 2148. | 2.025 | 58.60 | 1.399 |
| $ | 0.568 | 1 | 1.618 | 128.2 | 5.516 | 1.437 | 1.823 | 1220 | 1.150 | 33.28 | 0.794 |
| DM | 0.351 | 0.618 | 1 | 79.23 | 3.408 | 0.888 | 1.126 | 753.7 | 0.711 | 20.56 | 0.491 |
| YEN | 4.429 | 7.799 | 12.62 | 1000. | 43.02 | 11.20 | 14.22 | 9513 | 8.968 | 259.5 | 6.196 |
| F Fr. | 1.030 | 1.813 | 2.934 | 232.5 | 10. | 2.605 | 3.305 | 2211 | 2.085 | 60.33 | 1.440 |
| S Fr. | 0.395 | 0.696 | 1.126 | 89.25 | 3.839 | 1 | 1.269 | 849.0 | 0.800 | 23.16 | 0.553 |
| H Fl. | 0.312 | 0.549 | 0.888 | 70.34 | 3.026 | 0.788 | 1 | 669.2 | 0.631 | 18.26 | 0.436 |
| Lira | 0.466 | 0.820 | 1.327 | 105.1 | 4.522 | 1.178 | 1.494 | 1000. | 0.943 | 27.28 | 0.651 |
| C$ | 0.494 | 0.870 | 1.407 | 111.5 | 4.797 | 1.249 | 1.585 | 1061 | 1 | 28.94 | 0.691 |
| B Fr. | 1.706 | 3.005 | 4.863 | 385.3 | 16.58 | 4.317 | 5.478 | 3666 | 3.456 | 100. | 2.387 |
| Ecu | 0.715 | 1.259 | 2.037 | 161.4 | 6.943 | 1.808 | 2.294 | 1535 | 1.447 | 41.89 | 1 |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## FINANCIAL FUTURES AND OPTIONS

### LONDON (LIFFE)

### CHICAGO

### PARIS

### OPTION ON LONG-TERM FRENCH BOND (MATIF)

| Strike | Calls March | Calls June | Calls September | Puts March | Puts June | Puts September |
|---|---|---|---|---|---|---|
| 106 | - | - | - | 0.06 | - | - |
| 107 | 1.89 | - | - | 0.14 | 0.81 | - |
| 108 | 1.10 | - | - | 0.38 | 0.53 | - |
| 109 | 0.53 | 1.58 | - | 0.78 | - | - |
| 110 | 0.20 | 1.07 | - | 1.45 | - | - |
| 111 | 0.08 | 0.66 | - | - | - | - |
| 112 | - | 0.40 | - | - | - | - |
| 114 | - | 0.12 | 0.32 | - | - | - |
| Open int. | 130,393 | 25,574 | 450 | 100,785 | 20,997 | 250 |

Estimated volume 28,698 Total Open interest 278,449

### POUND - DOLLAR

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 10.5 | Credit Lyonnais | 10.5 | McDonnell Douglas Bnk. | 10.5 |
| Allied Trust Bank | 10.5 | Cyprus Popular Bk | 10.5 | Midland Bank | 10.5 |
| AIB Bank | 10.5 | Duncan Bank PLC | 10.5 | Mount Banking | 10.5 |
| ● Henry Ansbacher | 10.5 | Duncan Lawrie | 10.5 | NatWestminster | 10.5 |
| B & C Merchant Bank | 10.5 | Equatorial Bank plc | 10.5 | Northern Bank Ltd | 10.5 |
| Bank of Baroda | 10.5 | Exeter Bank Limited | 11 | Nykredit Mortgage Bank | 11 |
| Banco Bilbao Vizcaya | 10.5 | Financial & Gen. Bank | 11 | Provincial Bank PLC | 14 |
| Bank of Cyprus | 10.5 | First National Bank Plc. | 14 | Roxburghe Bank Ltd. | 11.5 |
| Bank of Ireland | 10.5 | ● Robert Fleming & Co. | 10.5 | Royal Bk of Scotland | 10.5 |
| Bank of India | 10.5 | Robert Fraser & Ptnrs. | 11 | ● Smith & Williamson Secs. | 10.5 |
| Bank of Scotland | 10.5 | Girobank | 10.5 | Standard Chartered | 10.5 |
| Banque Belge Ltd | 10.5 | ● Guinness Mahon | 10.5 | TSB | 10.5 |
| Barclays Bank | 10.5 | ● Hambros Bank | 10.5 | Unibank plc | 10.5 |
| Benchmark Bank | 11 | Hampshire Trust Plc | 13.5 | ● United Bk of Kuwait | 10.5 |
| Brit Bk of Mid East | 10.5 | Heritable & Gen Inv Bnk. | 10.5 | Unity Trust Bank Plc | 10.5 |
| ● Brown Shipley | 10.5 | ● Hill Samuel | 10.5 | Western Trust | 10.5 |
| CL Bank Nederland | 10.5 | C. Hoare & Co. | 10.5 | Westpac Bank Corp. | 10.5 |
| Citibank NA | 10.5 | Hongkong & Shanghai | 10.5 | Whiteaway Laidlaw | 10.5 |
| City Merchants Bank | 10.5 | Julian Hodge Bank | 10.5 | Yorkshire Bank | 10.5 |
| Clydesdale Bank | 10.5 | ● Leopold Joseph & Sons | 10.5 | ● Members of British Merchant Banking & Securities Houses Association. | |
| Co-operative Bank | 10.5 | Lloyds Bank | 10.5 | | |
| Coutts & Co | 10.5 | Meghraj Bank Ltd | 10.5 | | |

## MONEY MARKETS

# Liquidity squeezed

UK short money rates were squeezed sharply higher yesterday as taxation payments continued to drain funds from the market, *writes Simon London.*

The Bank of England forecast a £1.7bn shortage during the morning session, later revised upwards to £1.8bn.

As with other recent liquidity shortages, the main factors draining funds from the market were maturing assistance totalling £832m and exchequer transactions, mostly tax payments, of £790m.

However, while the Bank of England has provided early relief in recent days to keep a lid on overnight money rates, yesterday there was no substantial liquidity injection until the afternoon session. Facing a £2bn liquidity squeeze again today, operators preferred to hold on to paper rather than taking funds from the Bank.

Early assistance amounted to just £158m, comprising a small outright purchase of band 1 bank bills at 10⅜ per cent and a £128m purchase of bills for resale to the market on February 3 at 10⅝ per cent. Later in the morning session, the Bank bought a further tranche of band 1 bank and treasury bills and added £31m for repurchase on February 3 on the same terms.

Only in the afternoon did the Bank step in to relieve the squeeze in institutional liquidity which saw overnight money rates rise to 30 per cent cent for a short time.

Early afternoon assistance totalled £642m, again a mix of the outright purchase of short maturity band 1 and band 2 bills and a further £96m paper for repurchase.

Late assistance totalled £560m, bringing the total liquidity injection for the day to nearly £1.5bn, still £300m shy of the forecast shortage.

By the close, unsecured overnight money rate had traded back down to 10¼ - ¾ from 10¾ - ½ per cent on Wednesday.

The March short sterling contract on the London International Financial Futures Exchange traded at around 89.69, closing at this level, unchanged from Wednesday.

In Frankfurt, short rates eased for the second day running following the Bundesbank's net liquidity injection of DM7.3bn on Wednesday.

Call money traded mostly at 9.45/50 per cent, from 9.45/55 per cent on Wednesday and 9.55/60 per cent earlier in the week.

**UK clearing bank base lending rate 10.5 per cent from September 4, 1991**

### FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.16) 3 months US dollars: bid 4⅜ offer 4½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

### LONDON MONEY RATES



# MONEY MARKET FUNDS

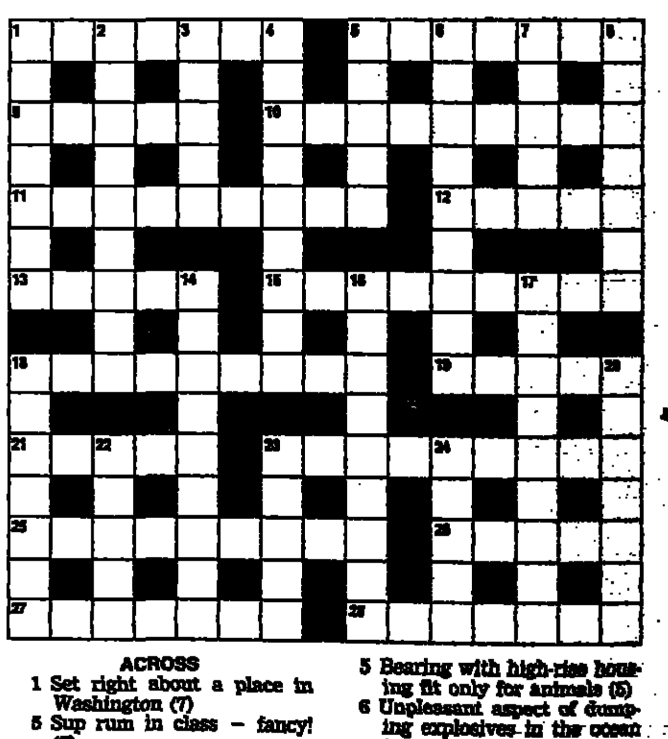
## Money Market Trust Funds

## Money Market Bank Accounts

## JOTTER PAD

# CROSSWORD

No.7,749 Set by VIXEN



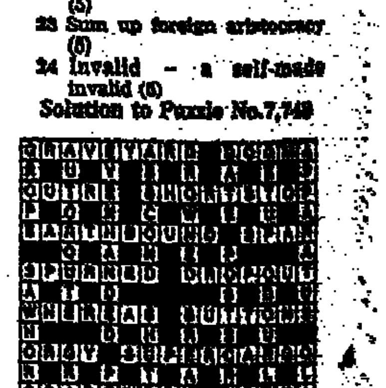
ACROSS

1 Set right about a place in Washington (7)
5 Sup rum in class – fancy! (7)
9 Gunmen turning on a boy is a criminal offence (5)
10 A person taking care with chart preparation (9)
11 Top man's source of income (9)
12 Fatuous but favoured by an Oriental (5)
13 The medico behind a military body (5)
15 A tool held by simple men the wrong way round (9)
18 Lace up ten possibly, showing a certain irritability (9)
19 A brown colouring – soft, one in the main (5)
21 The more mature tree? (5)
23 A flighty little creature joking in church (9)
25 "To die will be an awfully big —" (Barrie) (9)
26 Scottish bigwig prepared to accommodate revolutionary leader (5)
27 Sincere pledge (7)
28 An Athenian hero uses the revised version (7)

DOWN

1 Gave way and took some photographs (7)
2 Alsatians dealt with the man committing an assault (9)
3 A jerk will hold on to get a drink (5)
4 Being debarred, makes objection (9)
5 Bearing with high-rise housing fit only for animals (5)
6 Unpleasant aspect of dumping explosives in the ocean (9)
7 Finding some pretext, radioed for additional supplies (5)
8 Persons in the wrong environment, and suffering as a result (7)
14 It's clear Eton developed the liberal spirit (9)
16 General backing up the French in veto (9)
17 No longer sadly thinking the cost is unreasonable (9)
18 Writing a page about former ecclesiastic head (7)
20 Pests to cover in a supplement (7)
22 Making a note on old post (5)
23 Sum up foreign aristocracy (5)
24 Invalid – a self-made invalid (5)

Solution to Puzzle No.7,748



# WORLD STOCK MARKETS

## CANADA

### TORONTO

*3:00 pm prices January 16*

Quotations in cents unless marked $

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 400 | Abitibi Pr x | $14⅝ | 14¾ | 14⅜ | |
| 28200 | AgnicoEa | 475 | 455 | 470 | +15 |
| 52400 | Air Cda | 5⅛ | d7¾ | 8 | |
| 44300 | Albrta En | u$12⅞ | 12⅛ | 12¼ | −⅛ |
| 3000 | AlbNtGas | $13⅛ | d13¼ | 13¼ | −⅜ |
| 108300 | Alcan Al | u$28⅝ | 25 | 25 | +1 |
| 251500 | Am Barr | u$32½ | 32 | 33 | +1⅛ |
| 3600 | Atco Cl 1 | d$12¼ | 12 | 12¼ | +⅛ |
| 223700 | Bk Montrl | $47 | 46½ | 46⅝ | −½ |
| 399700 | Bk Nova Sc | u$24⅛ | 23⅝ | 23⅞ | −⅛ |
| 4600 | BC Sugar A | $14⅛ | 14 | 14 | −⅛ |
| 298300 | BCE Inc | $49⅛ | 48⅝ | 48⅝ | −⅞ |
| 117500 | Belmoral | u14½ | 13 | 14½ | +1 |
| 3600 | BGR A | $7½ | d7⅛ | 7½ | |
| 78100 | Bomb'dierB x | $30⅛ | 30¼ | 30½ | −⅛ |
| 43500 | Bow Valley | $12⅛ | d11¾ | 12⅛ | +⅛ |
| 68800 | BP Canada | $11⅝ | 11¼ | 11½ | +¼ |
| 41100 | Bramalea x | $5⅛ | 5½ | 5⅛ | |
| 116000 | Brascan A | $19½ | 19¼ | 19⅜ | |
| 460700 | Breakwater | u20 | 20 | 28 | +8 |
| 27300 | BC Tel | $23⅝ | 23⅛ | 23⅜ | −⅛ |
| 7500 | Brumcor | u$19¼ | 19⅛ | 19⅛ | |
| 700 | Brunswick | $8⅝ | 8⅛ | 8⅝ | +⅛ |
| 24000 | Coputalog | 60 | d59 | 59 | −1 |
| 32800 | Corel Sys | u$24½ | 23⅞ | 24⅛ | +⅛ |
| 500 | CoscanDev | $8⅛ | 8⅛ | 8⅛ | |
| 79000 | CrownX A | u80 | 75 | 78 | +3 |
| 1100 | Denison A | u25 | d22 | 25 | |
| 1400 | Derlan | u$6 | 5⅞ | 6⅞ | +⅛ |
| 57000 | Dofasco | $18⅛ | 17¾ | 18⅛ | |
| 11600 | Domtn Txt | u$8½ | 8⅞ | 8½ | |
| 5100 | Domtar Inc | $8 | 7⅞ | 8 | +⅛ |
| 6800 | Du Pont A | $40⅞ | d40 | 40 | −1 |
| 91400 | DundeeBncA | 305 | 230 | 305 | +5 |
| 233700 | Echo Bay M | u$9⅛ | 9 | 9½ | +¼ |
| 1000 | Emco Ltd | u$8 | 8 | 5⅛ | |
| 4800 | Empire x | $13 | 12¾ | 12⅝ | −⅛ |
| 153500 | Euro Nev | u$19 | 18½ | 18⅞ | −⅛ |
| 1900 | FPI Ltd | $5⅞ | 5⅝ | 5¾ | +⅛ |
| 4900 | Finning | $13½ | 13¼ | 13¼ | +⅛ |
| 12700 | Fst Mara A | u$12½ | 12¼ | 12⅝ | +⅛ |
| 8100 | Fortis | $25⅛ | 24⅞ | 24⅞ | −⅛ |
| 5500 | Four Seasn | $17⅝ | 17⅝ | 17⅝ | +⅛ |
| 17700 | FrancoNev | u$24⅝ | 24 | 24¼ | +¼ |
| 108000 | Galactic | 22 | 20 | 21 | +3 |
| 800 | Gandia A | $22½ | 22½ | 22½ | −⅛ |
| 58600 | Giants Gld | 418 | 410 | 415 | +10 |
| 2600 | Grangse | 130 | 130 | 130 | |
| 24900 | GtW Lifeco | $13⅝ | 13⅛ | 13⅝ | +⅛ |
| 126000 | Gulf Cda R | $5⅝ | 5⅛ | 5⅝ | +⅛ |
| 100 | GW Utils | $17⅛ | 17⅛ | 17⅛ | |
| 4000 | Cantor | u$27¼ | 28⅛ | 27 | +⅛ |
| 1300 | CnPcForest | u$27 | 26½ | 27 | +⅛ |
| 1600 | Cara Op | u$6⅝ | 6⅛ | 6⅛ | +⅛ |
| 4500 | Cascades | u$6⅛ | 6 | 6 | |
| 300 | Celanese | u$42 | 42 | 42 | +½ |
| 18000 | Cntrl Cap | 36 | d35 | 35 | |
| 11200 | Cinepx Odn | 300 | 285 | 300 | |
| 2100 | Cntrl Fd A | u455 | 440 | 455 | |
| 75200 | Cominco | u$22¼ | 21½ | 22¼ | +1 |
| 200 | KerrAddis | $15⅞ | 15⅞ | 15⅞ | |
| 176200 | Labatt | u$27⅛ | 28⅛ | 27⅛ | +⅛ |
| 421000 | Lac Minls | u$8½ | 9 | 9⅛ | +½ |
| 3000 | Lafarge | $14⅝ | 14¼ | 14⅝ | |
| 11800 | Laidlaw A | u$12⅞ | 12 | 12⅛ | +½ |
| 718100 | Laidlaw B | u$13 | 12 | 12⅞ | +⅛ |
| 500 | Laurent Bk | u$21 | 21 | 20½ | |
| 1500 | Laurent Gp | u$6⅞ | 6⅛ | 6⅛ | |
| 12000 | Lawson Mar | $9½ | d8⅞ | 9⅞ | −⅛ |
| 5000 | Loblaw | $18⅞ | 18 | 18⅛ | −⅛ |
| 422600 | Mackenzie | u$7⅞ | 7⅛ | 7⅞ | +⅛ |
| 165800 | Macm Bl | u$19⅝ | 19 | 19½ | +⅛ |
| 54800 | Magna IntA | $22 | 21⅛ | 21⅞ | +⅛ |
| 23400 | Mpl Lf Fds | $17⅞ | 17⅛ | 17⅞ | +⅛ |
| 7100 | Mark T&T | $20⅞ | 20⅝ | 20⅝ | |
| 171500 | Mark Res | $5⅛ | d5½ | 5⅛ | +⅛ |
| 9100 | MDS Hlth B | $20 | 19⅝ | 19⅝ | −⅛ |
| 15400 | Meall Min | u$11⅛ | 11 | 11⅛ | +⅛ |
| 500 | Minnova | $16⅝ | 16⅝ | 16⅝ | −⅛ |
| 120800 | Mitel Corp | u102 | 91 | 100 | +2 |
| 71700 | Molson A | u$32⅛ | 32⅛ | 32⅝ | +⅛ |
| 126600 | Moore Corp | $22⅛ | d22⅛ | 22⅛ | −⅛ |
| 92600 | Muscocho | u9 | d8 | 9 | +2 |
| 344600 | Nat Bk Can | u$12⅞ | 12⅝ | 12⅝ | |
| 5200 | Noma Ind A | $5⅛ | 5⅛ | 5⅛ | +⅛ |
| 4400 | NorandaFor | $8⅛ | 8⅛ | 8⅛ | +⅛ |
| 135200 | Noranda | $19¼ | 19 | 19¼ | +⅛ |
| 3100 | Noran5.12 | u$25⅛ | 25⅛ | 25⅛ | |
| 300 | NorcnMtg x | $23 | 23 | 23 | |
| 99500 | Nth Tele | $54⅞ | 53⅞ | 54 | −½ |
| 10000 | Northgate | u85 | 85 | 85 | +1 |
| 183100 | Nova Corp | $7¼ | 7½ | 7⅝ | +⅛ |
| 300 | Nowsco WSv | $9⅛ | 9⅛ | 10 | |
| 4900 | Numac Oil | $5⅞ | d5⅛ | 5⅞ | |
| 244400 | RylTrustco | u$9⅛ | 9⅛ | 9⅛ | −⅛ |
| 7500 | StawCo A x | $12⅛ | 12⅝ | 12⅝ | −⅛ |
| 42200 | Sceptre Re | 140 | d130 | 135 | −5 |
| 1200 | ScottPaper x | $19⅛ | 19 | 19 | −⅛ |
| 1000 | Scotts Hos | u$18⅝ | 18⅛ | 18⅝ | |
| 39500 | Seagram Co | $139 | 137½ | 139 | +1 |
| 23200 | Sears Can | $9⅞ | 9⅛ | 9⅛ | −⅛ |
| 2300 | ShellCan A | $39⅞ | 39⅛ | 39⅛ | −⅛ |
| 88000 | Sherritt G | $7½ | d7⅛ | 7½ | +⅛ |
| 141500 | SHL Sysl | $10⅛ | 9⅞ | 10 | +⅛ |
| 5000 | SNC Group | u$17⅛ | 17⅝ | 17⅛ | |
| 3500 | Sonora Gld | 20 | 20 | 20 | |
| 25300 | Southam | u$19½ | 19 | 19⅛ | −⅛ |
| 49900 | Spar Aero | $19 | 18⅛ | 19 | +⅛ |
| 48100 | Stelco A | u$9⅛ | 8½ | 8½ | |
| 133500 | Teck B | u$19⅛ | 19⅛ | 19⅛ | +⅛ |
| 4000 | Teleglobe | $11⅝ | 11½ | 11⅝ | |
| 317600 | Thomson | u$17⅛ | 16⅞ | 16⅞ | −⅛ |
| 497200 | Tor Dom Bk | $18⅞ | 18⅛ | 18⅛ | −⅛ |
| 1800 | Torstar B | u$25 | 24⅛ | 25 | +⅛ |
| 22600 | TotalPNAm | $13⅛ | 12⅛ | 12⅞ | −⅛ |
| 309600 | TransAlta | u$14 | 13⅛ | 13⅞ | −⅛ |
| 221100 | Transcan P | $17⅞ | 17⅛ | 17⅞ | |
| 9300 | Trimac | $8⅞ | 8⅞ | 8⅞ | |
| 47500 | Trizec A x | $10⅞ | 9⅞ | 9⅞ | −⅛ |
| 1000 | UAP A | $15 | d15 | 15 | |
| 800 | UnionEnt | $14⅝ | 14⅛ | 14⅛ | |
| 1200 | UnitedCorp | u$29½ | 29½ | 29½ | |
| 4400 | UtdDomind | $11⅝ | 11½ | 11½ | −⅛ |
| 32600 | Viceroy Re | $5⅛ | 5 | 5 | |
| 7100 | W'coast E | $21 | 20⅝ | 20⅝ | −⅛ |

## INDICES

### NEW YORK

| DOW JONES | Jan 15 | Jan 14 | Jan 13 | Jan 10 | 1991/92 HIGH | 1991/92 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| ◊Industrials | 3258.50 | 3246.20 | 3185.60 | 3199.46 | 3258.50 (15/1/92) | 2470.30 (9/1/91) | 3258.50 (15/1/92) | 41.22 (2/7/32) |
| Home Bonds | 99.41 | 99.27 | 99.33 | 99.34 | 99.47 (9/1/92) | 91.30 (16/1/91) | 99.47 (9/1/92) | 54.99 (1/10/81) |
| Transport | 1431.43 | 1387.33 | 1364.16 | 1351.83 | 1431.43 (15/1/92) | 894.30 (7/1/91) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 214.07 | 215.32 | 213.51 | 216.07 | 225.59 (3/1/92) | 195.17 (10/7/91) | 236.23 (2/1/90) | 10.50 (8/4/32) |

◊Day's High 3299.19 (3255.81) Low 3207.74 (3167.93)

| STANDARD AND POOR'S | Jan 15 | Jan 14 | Jan 13 | Jan 10 | 1991/92 HIGH | 1991/92 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 420.77 | 420.44 | 414.34 | 415.10 | 420.77 (15/1/92) | 311.49 (9/1/91) | 420.77 (15/1/92) | 4.40 (1/6/32) |
| Industrials | 499.27 | 498.70 | 491.69 | 492.20 | 499.27 (15/1/92) | 364.90 (9/1/91) | 499.27 (15/1/92) | 3.62 (21/6/32) |
| Financial | 35.14 | 34.85 | 34.03 | 34.11 | 35.14 (15/1/92) | 21.96 (9/1/91) | 35.24 (9/10/89) | 8.64 (1/10/74) |
| NYSE Composite | 231.85 | 231.57 | 228.47 | 228.94 | 231.85 (15/1/92) | 170.97 (9/1/91) | 231.85 (15/1/92) | 4.46 (25/4/42) |
| Amex Mkt. Value | 414.30 | 412.63 | 407.89 | 405.64 | 414.30 (15/1/92) | 296.72 (14/1/91) | 414.30 (15/1/92) | 29.31 (9/12/72) |
| NASDAQ Composite | 630.82 | 625.75 | 617.63 | 615.70 | 630.82 (15/1/92) | 355.75 (14/1/91) | 630.82 (15/1/92) | 54.87 (31/10/72) |

| | Jan 10 | Jan 3 | Dec 27 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 2.89 | 2.90 | 2.99 | 4.13 |

| | Jan 8 | Dec 31 | Dec 24 | year ago (approx.) |
|---|---|---|---|---|
| S & P Industrial div. yield | 2.54 | 2.56 | 2.68 | 3.31 |
| S & P Indl. P/E ratio | 25.51 | 25.35 | 24.21 | 15.92 |

### NEW YORK ACTIVE STOCKS

| Wednesday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Citicorp | 12,185,900 | 15⅛ | + 2⅛ |
| USX-Marathon | 7,898,000 | 23⅛ | + ⅜ |
| RJ Nabisco | 5,893,100 | 11⅛ | + ⅛ |
| Glaxo | 5,217,500 | 32⅝ | - 1⅛ |
| IBM | 3,102,400 | 95⅛ | + 2⅛ |
| Chrysler | 3,008,300 | 14⅛ | + 1 |
| Am Express | 2,752,900 | 22⅛ | - ⅜ |
| Ames Store | 2,704,900 | ⅛ | + ⅛ |
| Chem Bank | 2,676,400 | 30⅛ | + 1⅛ |
| Blockbuster | 2,664,200 | 14 | + ⅛ |

### TRADING ACTIVITY

| † Volume Millions | Jan 15 | Jan 14 | Jan 13 |
|---|---|---|---|
| New York SE | 306.315 | 260.489 | 195.751 |
| Amex | 25.257 | 27.905 | 19.603 |
| NASDAQ | 268.058 | 268.058 | 211.903 |
| NYSE | | | |
| Issues Traded | 2,212 | 2,206 | 2,204 |
| Rises | 1,139 | 1,259 | 789 |
| Falls | 661 | 512 | 966 |
| Unchanged | 412 | 435 | 449 |
| New Highs | 245 | 183 | 93 |
| New Lows | 5 | 7 | 15 |

### CANADA

| TORONTO | Jan 15 | Jan 14 | Jan 13 | Jan 10 | 1991/92 HIGH | 1991/92 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 3131.15 | 3039.41 | 2972.56 | 2975.04 | 3299.99 (18/7/91) | 2632.06 (9/1/91) |
| Composite | 3656.70 | 3635.80 | 3594.40 | 3593.40 | 3656.70 (15/1/92) | 3161.95 (15/1/91) |
| MONTREAL Portfolio | 1934.10 | 1924.41 | 1903.86 | 1904.25 | 1934.10 (15/1/92) | 1686.89 (9/1/91) |

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

## TOKYO - Most Active Stocks

Thursday 16 January 1992

| | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|
| Tokuma | 6.1m | 1,080 | -180 |
| Toyo Ink | 4.7m | 864 | -37 |
| Tokyo Theatres | 4.0m | 820 | +13 |
| Clarion | 3.6m | 630 | -100 |
| Nippon Steel | 3.0m | 353 | -4 |
| Okamoto | 2.8m | 905 | -54 |
| Hitachi | 2.8m | 919 | +23 |
| Oji Paper | 2.7m | 858 | +45 |
| Japan Storage | 2.6m | 985 | -29 |
| Mitsui Co | 2.2m | 677 | -33 |

3:00 pm prices January 16

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1992 High | 1992 Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 13⅞ | 12¼ | AAR Corp | 0.48 | 3.6 | 15 | 341 | u13⅞ | 13½ | 13½ | -⅛ |
| 26 | 23 | A L Labs A | 0.16 | 0.7 | 25 | 217 | 24⅞ | d23 | 23⅛ | -1⅛ |
| 65 | 58¼ | AMP Inc | 1.44 | 2.2 | 26 | 4070 | u66 | 63½ | 65¾ | +⅝ |
| 75½ | 68⅜ | AMR | | | 14 | 7997 | 75 | 72⅜ | 74½ | +¼ |
| 1¼ | 1⅛ | ARX | | | 1 | 10 | 1⅝ | 1½ | 1⅝ | |
| 51 | 46¼ | ASA | 3.00 | 5.9 | 14 | 1043 | u51⅝ | 50¾ | 51⅛ | +⅝ |
| 68⅜ | 63⅛ | Abbott Lab x | 1.00 | 1.6 | 24 | 1408 | 63½ | d62¼ | 62¼ | -1½ |
| 12⅞ | 12⅛ | Abitibi Pr x | 0.50 | 3.9 | 17 | 2 | 12¾ | 12¾ | 12¾ | |
| 11⅝ | 11⅛ | ACM Gvt In x | 1.26 | 11.1 | | 302 | 11½ | 11⅜ | 11⅜ | -⅛ |
| 10⅛ | 9½ | ACM GvOpp | 1.01 | 10.1 | | 90 | 10 | 9⅞ | 10 | |
| 9⅛ | 9 | ACM Gvt Sp | 0.17 | 1.9 | | 292 | 9¼ | 9⅛ | 9⅛ | -⅛ |
| 11⅛ | 10⅝ | ACM Gvt Se | 1.26 | 11.4 | | 454 | 11 | 10⅞ | 11 | +⅛ |
| 9⅛ | 8⅞ | ACM Man x | 0.47 | 5.2 | | 145 | u9⅛ | d8⅞ | 9 | |
| 12⅞ | 12⅝ | ACM Managd | 1.35 | 10.7 | | 169 | u12⅞ | d12⅝ | 12⅝ | -⅛ |
| 8¼ | 7 | Acme Cleve | 0.40 | 5.0 | 15 | 239 | 8 | 7¼ | 8 | +½ |
| 5⅛ | 4⅝ | Acme Elect | | | 3 | 2 | 5 | 5 | 5⅛ | |
| 33¼ | 30⅞ | Acuson | | | 21 | 881 | u33¼ | 32 | 32⅞ | -½ |
| 19⅜ | 18¼ | Adams Expr x | 0.48 | 2.5 | 0 | 57 | u19⅜ | 19⅛ | 19⅛ | -⅛ |
| 15¼ | 13 | Adobe12PI | 2.40 | 16.6 | | 72 | 14½ | 14¼ | 14¼ | -⅛ |
| 5⅞ | 4½ | Adobe Res | | | 48 | 49 | 5⅛ | 4⅞ | 4⅞ | -⅛ |
| 46½ | 42¼ | Ad Micro | | | | 959 | 46 | 45 | 45 | -1 |
| 20¼ | 17⅞ | Ad Micro P | 3.00 | 16.3 | 12 | 1480 | 19⅝ | 18¼ | 18⅜ | -1 |
| 7 | 5 | Advest Grp | 0.18 | 2.5 | 9 | 143 | 6⅝ | 6½ | 6½ | -⅛ |
| 45⅞ | 42⅞ | Aetna Li x | 2.76 | 6.2 | 8 | 1299 | 44⅞ | 44¼ | 44¼ | -½ |
| 9⅞ | 8⅞ | Afill A x | 0.24 | 2.4 | 90 | 1367 | u10⅛ | 9¾ | 10 | +¼ |
| 32⅞ | 29⅞ | Aflac | | | | 1900 | 31⅛ | d29⅝ | 29¾ | -1⅜ |
| 17⅝ | 15⅝ | Ahmanson | 0.88 | 5.3 | 10 | 3227 | 16⅞ | 16½ | 16⅝ | +⅛ |
| 19⅞ | 17½ | Aileen Inc | | | 16 | 109 | 19¼ | 18⅝ | 18¾ | -½ |
| 80¼ | 72⅞ | Air Pr Chm | 1.56 | 2.0 | 17 | 1248 | 79¼ | 78⅝ | 78 | -¼ |
| 26 | 20¼ | Airbne Frt | 0.30 | 1.2 | 18 | 3499 | 25½ | 24⅝ | 25½ | +⅜ |
| 24½ | 22⅝ | Airgas Inc | | | 115 | 104 | 24⅜ | 23⅞ | 24¼ | +⅛ |
| 11¼ | 8⅛ | Airlease | 1.88 | 17.0 | 5 | 40 | 8⅞ | 9¾ | 9⅞ | +⅛ |
| 101½ | 99½ | AlaPw8 16 | 8.16 | 8.1 | | 2 | u102 | 102 | 101 | |
| 25⅛ | 21⅞ | AlaPw PfA | 2.00 | 8.0 | | 11 | u25⅛ | 25⅛ | 25⅛ | |
| 106 | 104 | AlaPw9.44 | 9.44 | 8.9 | | 10 | u106 | 105½ | 105½ | -½ |

Continued on next page

# NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

| 1992 High | Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Close | Ch'ge |
|---|---|---|---|---|---|---|---|---|---|---|
| 71¼ | 65½ | Xerox | 3.00 | 4.2 | 12 | 3278 | 71⅛ | 70⅜ | 70½ | -½ |
| 53 | 50⅝ | Xerox4.125 | | | | 12 | 52 | 52 | 52 | |
| 25¾ | 24⅞ | Xtra 1.94 | | | | 71 | u25¾ | 25¼ | 25¼ | -⅛ |
| 31 | 28½ | Xtra Corp | 0.72 | 2.3 | 16 | 116 | u31 | 30⅝ | 30⅝ | -⅛ |
| 27 | 25¼ | Yankee Egy | 1.60 | 6.2 | 13 | 17 | 26 | 25⅞ | 25⅞ | -⅛ |
| [illegible] | ½ | Zapata | | | 67 | 821 | u⅞ | ¾ | ⅞ | +⅛ |
| 8½ | 7¼ | ZenithElec | | | | 2554 | 8⅛ | 7⅞ | 8 | |
| 16⅞ | 16 | Zenith Nat x | 1.00 | 6.2 | 135 | 80 | 16⅛ | 16⅛ | 16⅛ | +⅛ |
| 6⅝ | 6 | Zenix Inc x | 0.84 | 12.9 | | 185 | u6⅝ | 6½ | 6½ | |
| 12 | 11⅛ | Zero Corp | 0.40 | 3.4 | 15 | 388 | 11¾ | 11½ | 11¾ | +⅛ |
| 38 | 35⅝ | Zurn Ind | 0.88 | 2.4 | 15 | 80 | 37 | 36⅝ | 37 | +⅛ |
| 14⅞ | 13½ | Zweig Fund x | 1.16 | 8.4 | | 244 | u14⅛ | 13¾ | 13⅞ | -⅛ |
| 11 | 10⅝ | Zweig Totl x | 0.96 | 8.8 | | 348 | 10⅞ | 10⅝ | 10⅞ | |

*Price data supplied by Telekurs.*

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Yearly highs and lows reflect the period from Jan 1 1992, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE PRICES

3:00 pm prices January 16

# NASDAQ NATIONAL MARKET

3:00 pm prices January 16

- T -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Tokos Med | | 89 | 2039 | 42 | 40⅛ | 40⅛ | -2 |
| Tokyo Mar | 0.25 | 29 | 300 | 49⅛ | 48⅜ | 49 | -⅛ |
| Tom Brown | | 17 | 15 | 4⅛ | 4½ | 4½ | |
| Tops Co x | 0.24 | 18 | 1943 | 19⅛ | 19½ | 19½ | |
| TPI Enter | | 20 | 925 | u8⅞ | 8⅜ | 8⅛ | +⅛ |
| Transwid | | 20 | 252 | 23 | 22 | 22½ | -½ |
| Trenwick | 0.72 | 10 | 308 | 30½ | d28 | 28⅛ | -1½ |
| Tricare | | 27 | 753 | 13½ | 12½ | 13 | -⅛ |
| Trimble | | 22 | 238 | 17½ | 17 | 17 | -⅛ |
| TrustcoBNC | 1.60 | 11 | 5 | 39⅛ | 38½ | 39 | |
| Tseng Lab | | 32 | 1947 | 16⅞ | 16⅛ | 16⅛ | +⅛ |
| Tuboscope | | 14 | 198 | 7⅛ | 6⅞ | 7⅛ | +⅛ |
| Tyco Toys | | 97 | 1237 | 29⅛ | 28½ | 29⅛ | |
| TysonFd A | 0.04 | 18 | 3861 | 20½ | d19⅛ | 19⅝ | -⅛ |

- U -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| US Hlthcr | 0.44 | 24 | 13218 | 51 | 47½ | 47¾ | -2⅝ |
| Unitab | | 33 | 319 | 10½ | 10⅛ | 10½ | +⅛ |
| UCitiesGs | 0.98 | 16 | 67 | 15½ | d15 | 15½ | +½ |
| US Trust x | 1.60 | 14 | 142 | u45⅛ | 44½ | 44¾ | -⅛ |
| United St | 0.40 | 17 | 711 | u11⅛ | 11⅛ | 11⅝ | -⅛ |
| Unitog | | 28 | 151 | u16 | 15⅛ | 16 | +⅛ |
| Unitrin | 1.00 | 14 | 5056 | u36½ | 35½ | 36⅛ | +⅛ |
| US Bancp | 0.76 | 11 | 3451 | u22⅞ | 21⅝ | 21⅞ | +⅛ |
| US Energy | | 9 | 195 | 5⅛ | 4⅞ | 4⅞ | -⅛ |
| UST Corp | 0.32 | 33 | 810 | u8½ | 7½ | 8 | +½ |
| Utah Med | | 33 | 2077 | 24 | d21⅛ | 22 | -2 |
| UArtistsB | | 10 | 158 | 14⅛ | 13⅞ | 13⅞ | |
| UArtistsA | | 16 | 259 | 14⅛ | 13⅞ | 13⅞ | |
| Utd Telev | | 49 | 14 | 25½ | 24⅛ | 25 | +⅛ |
| UtiliCorp | | 12 | 142 | 6⅞ | 6⅝ | 6⅞ | |

- V -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| ValleyNat | | 17 | 4630 | u30⅞ | 30 | 30⅛ | +⅛ |
| Valmont | 0.26 | 21 | 22 | 14 | 13½ | 13⅞ | +⅛ |
| Value Mch | | 38 | 3363 | u40 | 38⅛ | 39 | +½ |
| Vngrd Cell | | 27 | 2649 | u29⅞ | 29 | 29 | -½ |
| Vencor | | 88 | 984 | 39 | d37⅛ | 38 | +⅛ |
| Verifone | | 32 | 1039 | 24 | 23⅛ | 23⅛ | +⅛ |
| Vicor | | 88 | 883 | 44⅛ | 42⅛ | 43⅛ | -1½ |
| VicorpRst | | 39 | 978 | u21⅛ | 20½ | 21⅛ | +⅛ |
| Vitalink | | 16 | 33 | 10⅛ | 10⅛ | 10⅛ | |
| VLSI Tech | | 19 | 3106 | 8⅞ | 8⅞ | 8⅞ | -⅛ |
| Volvo B | 2.13 | 15 | 9 | u62⅛ | 61⅛ | 61⅛ | |

- W -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Wasser Ex x | 0.16 | 18 | 153 | u31 | 30⅛ | 30½ | -⅛ |
| Warmtech | | 60 | 950 | 2⅛ | 2⅛ | 2⅛ | -⅛ |
| WashMutSB | 0.60 | 55 | 799 | 33½ | d32½ | 32⅝ | -⅛ |
| WshEnergy x | 1.40 | 14 | 443 | 23⅛ | 22⅛ | 22⅞ | -⅛ |
| WashFedSL x | 1.20 | 12 | 513 | u41½ | 39⅛ | 40½ | -⅛ |
| WatsinsJA | 0.24 | 22 | 892 | 54 | 52½ | 54 | +1½ |
| Wausau PM | 0.68 | 19 | 84 | 90 | 86½ | 90 | +3½ |
| WD-40 x | 1.72 | 14 | 240 | u32½ | 31 | 31⅛ | |
| Weitek | | 16 | 721 | 6½ | 6⅛ | 6⅜ | -⅛ |
| West One | 0.96 | 9 | 304 | u34 | 33⅛ | 33⅛ | +⅛ |
| WstnPubl | | 50 | 638 | 16⅞ | 16 | 16⅛ | |
| Westmark | | 33 | 2544 | 56⅛ | 53⅛ | 54⅛ | -1⅞ |
| WesterCoal | 0.32 | 26 | 183 | 19½ | d18⅛ | 18⅛ | -1½ |
| Wst SealA | | 33 | 173 | u12 | 11½ | 11⅛ | |
| Wetterau | 0.68 | 53 | 151 | 27⅞ | 27½ | 27⅞ | -⅛ |
| Wical Sys | | 73 | 323 | 2⅛ | d2⅛ | 2⅛ | -⅛ |
| Willmette | 1.60 | 27 | 930 | u67⅛ | 64½ | 66½ | +2 |
| WmsSonoma | | 25 | 654 | 15½ | 15 | 15 | -⅛ |
| Wiser Oil | 0.40 | 20 | 82 | 13⅞ | 13⅞ | 13⅞ | +⅛ |
| Woodhead I | 0.28 | 13 | 71 | u19 | 18⅛ | 19 | +⅛ |
| Wolv Expl | | 0 | 920 | ⅞ | ⅞ | ⅞ | +⅛ |
| WiwExWRA | | | 58 | u⅛ | d⅛ | ⅛ | |
| Wthington | 0.44 | 32 | 4618 | u25⅛ | 24⅛ | 25½ | +1⅛ |
| WPP Group | 1.11 | 1 | 1815 | 1⅝ | d1½ | 1⅝ | |
| Wyman-Gdn | 0.40 | 10 | 828 | 4 | d3⅛ | 3⅞ | +⅛ |

- X - Y - Z -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Xilinx | | 33 | 6063 | u31 | 28⅛ | 30 | +1⅛ |
| Xoma Corp | | 11 | 14854 | 22⅛ | 20 | 20⅛ | -1⅛ |
| Yellow Fr | 0.94 | 21 | 1970 | u29⅛ | 27⅞ | 29⅛ | +1⅞ |
| York Rsch | | 61 | 3434 | 7⅝ | 7 | 7⅞ | +⅛ |
| ZionsUtah | 1.44 | 9 | 62 | u43½ | 41½ | 43 | +1⅞ |

AMERICA

# Equities decline despite good news on economy

## Wall Street

PROFIT-TAKING was the order of the day on US stock markets yesterday morning, as share prices tumbled across the board despite good news on inflation and employment, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 10.74 at 3,247.76, but above its mid-morning lows when the index was more than 30 points weaker. The more broadly based Standard & Poor's dropped 3.15 to 417.62 by 1 pm, while the Nasdaq composite of over-the-counter stocks fell 4.09 to 626.73. Turnover on the New York Stock Exchange was again heavy at 218m shares.

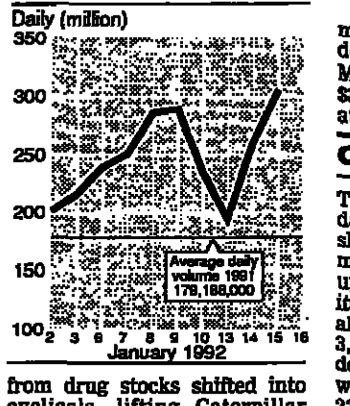
The day's economic news should have spelled further gains for the market. The Labor Department reported a rise of just 0.3 per cent in consumer prices during December, further proof that inflation is not a threat to the economy, and announced that 49,000 less people claimed state unemployment insurance during the first week of the year.

The economic data, however, failed to lift prices, primarily because investors were intent *yesterday either on realising* some of the profits they have earned in the recent rally, or in shifting funds within the market, leaving some big sectors, notably drugs, sharply weaker.

Among the drug companies to take a hit for the second day running were Merck, down $4⅝ at $151⅛, UpJohn, $1⅛ lower at $44, Pfizer, down $2⅞ at $76⅛, Schering-Plough, $3 lower at $61¾, and the ADRs of Glaxo, $1⅛ weaker at $31¼.

Some of the money removed

**NYSE volume**




from drug stocks shifted into cyclicals, lifting Caterpillar $1⅝ to $46⅝, USX Steel $2 to $28¾, Bethlehem Steel $1⅞ to $16⅝, and Aluminum Company of America $1¾ to $68⅛. Paper stocks were also in favour, with Chesapeake Corp up $2¾ at $27⅝, aided by a *series of brokers' recommendations*, and International Paper up $1⅝ at $73⅞.

On the over-the-counter market, Intel jumped $3¼ to $59¼ after recording fourth quarter income of 90 cents a share, up from the 80 cents a share earned a year earlier and above analysts' forecasts.

AST Research was also higher on good earnings news, climbing $2⅛ to $22 in heavy trading after reporting fiscal second quarter profits of 52 cents a share, slightly higher than market estimates.

Leading OTC stocks were mostly lower, with Microsoft down $1⅝ at $129¾, Sun Microsystems $¼ weaker at $33⅛, and Amgen, down $4⅛ at $68⅝.

## Canada

TORONTO slipped from the day's highs but held on to slight gains at midday as the market consolidated its recent upswing. The TSE 300 composite index rose 8.6 to 3,665.4, just ahead of a resistance level at 3,660. Advancing issues led declines by 280 to 230. Volume was moderately heavy at 23.41m shares valued at C$277.5m.

Cyclical shares were in favour, with Inco firming C$⅜ to C$38⅝ and Alcan Aluminium gaining C$⅜ to C$25⅜.

Among active stocks, Nova Corp rose C$¼ to C$7⅝, and *Rogers Communications* B were steady at C$14. Ocelot Industries fell C$⅝ to C$11¼ and Lac Minerals rose C$⅜ to C$9¼.

# European leisure sector's high-profile trio

**Michael Skapinker**, Leisure Industries Correspondent, looks at share price prospects

A GROUP of 16 disgruntled French building contractors alleged this week that Euro Disney, the theme park operator, owed them FFr850m ($155m) in unpaid bills.

Euro Disney shares shrugged off the allegation to close last night at FFr147.5, within squeaking distance of their all-time high of FFr153 on January 3. Over the past five months Euro Disney has outperformed the French market by about 20 per cent.

*Analysts disagree on the* commercial prospects for the theme park, which is due to open on a 5,000-acre complex east of Paris on April 12. There is agreement on one point, however: the time to take profits is fast approaching.

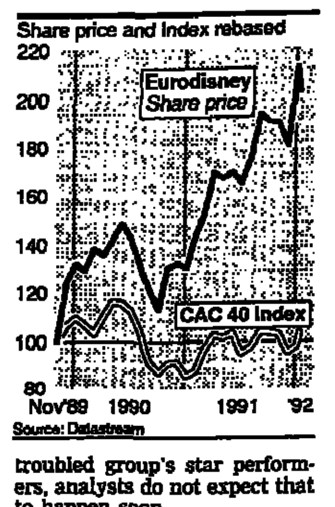
Analysts think the hype leading up to the opening of Euro Disney could lift the shares still further, but Ms Anita Hibbert of Smith New *Court points out that the stock* is on a prospective price-earnings ratio of close to 100.

Some analysts worry that if there are early organisational or teething problems, this could set the park back. They also fret about the effects of the cold Parisian winter and unreliable summer.

Ms Hibbert is among the Euro Disney optimists, in spite of having visited the site in December when visibility was only 20 yards. She argues that the novelty factor will boost winter attendances, if only in the first year.

*Investors interested in a* more established profits record might want to look at PolyGram, the London-based music company whose shares are traded in Amsterdam and New York.

Only 20 per cent of the shares are publicly traded, the rest being owned by Philips, the Dutch electronics giant. There has been speculation that Philips might want to *reduce its holding, but given* that PolyGram is one of the




Source: Datastream

troubled group's star performers, analysts do not expect that to happen soon.

PolyGram – whose artists include Luciano Pavarotti, Sting, Dire Straits and U2 – reported a 24.6 per cent rise in net income to Fl 147m in the first half of last year, in spite *of the economic downturn* in the UK and the US.

The company has benefited from the popularity of high-margin compact discs, which accounted for 48 per cent of unit sales in 1990, *compared to* 37 per cent for the industry.

In spite of vigorous criticism from consumer organisations, music companies have been able to keep European CD prices well above those for vinyl records and cassette tapes. Worldwide unit sales of CDs rose 28 per cent to 770m in 1990. In the same year, worldwide sales of cassettes fell for *the first time* since their introduction in 1965, dropping 6 per cent in unit terms to 1.45bn.

Following the recent decision of retailers, such as W H Smith in the UK, to stop selling records, the relentless rise of CDs appears to be good news for companies like PolyGram. Mr Bert Jansen of Paribas Capital Markets cautions, however, that the rate of growth of CDs will probably slow with increasing market penetration in the developed countries.

PolyGram is heavily involved in the development of Digital Compact Cassette (DCC), a Philips invention which looks like an ordinary cassette but has a sound quality equivalent to CD. Prospects for DCC look reasonably good, but they are unlikely to grow at the same rate as CDs. On a prospective multiple of 15, the shares are trading at a premium to the Dutch market average of 9, Mr Jansen says, and he would only recommend buying them below Fl 38. The shares closed yesterday at Fl40.10.

Turning back to France, and its hotel group, Accor, Ms Dominique Carrel of Paribas says that the acquisition of Wagons-Lits, the Belgian tourism and travel group, will lead to short-term weakness, since the early days will probably require substantial restructuring. However, there is scope for management improvement at Wagon-Lits and the longer-term outlook is seen as good.

EUROPE

# Profit-taking dominates continental trading

PROFIT-TAKING was the dominant feature on most bourses yesterday, with the *effect emphasised in late-closing markets by Wall Street's opening decline, writes Our Markets Staff.*

FRANKFURT, closing early, saw the DAX index end only 1.16 lower at 1,666.34, after Wednesday's 2.4 per cent gain and a 3.34 rise to 676.01 in the FAZ at midsession. Thursday's enthusiasm for dealing subsided, volume falling from Wednesday's DM10.1bn to *DM7.8bn. But the short-term* vogue for cyclical stocks continued, said Mr Michael Geiger at County NatWest.

Chemicals fell out of favour after a rise of a few days, suggesting that Germany at the moment is a traders' market. Bayer led the way down with a DM6 fall to DM294.50 after a DM12.70 rise on Wednesday, with BASF DM2.80 lower at DM240.50.

*Steels took over the running* to the dismay of fundamental analysts, who heard Thyssen's involvement in the purchase of east German petrol stations (along with the retailer, Asko, which rose DM18 to DM6.50) advanced as one reason for the sector's improvement. Klöckner-Werke put on DM6.90, or more than 6 per cent to DM118.40 although, said Mr Geiger, its 1991 results are going to be "dreadful", and its 1992 performance is likely to be worse.

| FT-SE Eurotrack 100 - Jan 16 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Hourly changes | | | | | | | |
| *Open* | *10 am* | *11 am* | *12 pm* | *1 pm* | *2 pm* | *3 pm* | *close* |
| 1136.61 | 1136.10 | 1138.13 | 1139.43 | 1138.41 | 1135.78 | 1136.38 | 1131.02 |
| Day's High 1144.37 | | | | Day's Low 1130.94 | | | |
| Jan 15 | Jan 14 | Jan 13 | Jan 10 | Jan 9 | | | |
| 1140.52 | 1112.87 | 1105.02 | 1105.40 | 1100.02 | | | |

Base value 1000 (26/10/90).

PARIS concentrated on special situations, as its rise was interrupted by Wall Street's weak start. The CAC 40 index went as high as 1,877.57 before closing 13.44 lower at 1,860.19 in estimated turnover of FFr3.1bn after FFr4.3bn.

Eurotunnel bucked the trend and jumped FFr1.90 or 4.2 per cent to FFr47.40 with 261,620 shares traded, on talk that it was close to resolving its dispute with TML, the consortium building the tunnel.

Lyonnaise-Dumez recovered from the day's lows of FFr436.50 to close just 90 centimes down at FFr442.50 on a company statement late in the day that 1991 net profit fell by about 20 per cent from 1990 levels, a smaller fall than the market had been expecting.

The luxury group LVMH fell *FFr150 or 3.4 per cent to* FFr4,270 on rumours of downgradings or a rights issue.

Among smaller stocks, Perrier rose FFr30 or 2.2 per cent to FFr1,388 on volume of 55,000 shares on hopes that the company's controlling shareholders would have to make a full bid. The media group, Hachette, rose FFr10.40 or 7.1 per cent to FFr157.90 on news that the Italian businessman, Mr *Silvio Berlusconi, had offered* to rescue the troubled TV station, La Cinq. Weakness in US pharmaceuticals pulled Sanofi down by FFr44 or 3.8 per cent to FFr1,090.

STOCKHOLM advanced in heavy trade, the Affärsvärlden General index closing 5.7 higher at 980.4. Dealers said *that advances among cyclically*-sensitive shares, such as those in the forestry sector, helped turn the trend after an earlier fall on profit-taking.

The forestry sector rose 2.1 per cent with Stora B closing SKr13 higher at SKr286. Turnover was SKr777m, up from SKr721m previously.

HELSINKI's remarkable resurgence continued, the market ending at a 1992 high in the *biggest volume so far this year.* The Hex index rose 16.58 to 893.70. "Demand remains strong, there are no signs of an end to the rally", said one broker.

Nokia fell FM2.5 to FM60 on the announcement that Mr Jorma Ollila, the president of Nokia Mobile Phones, would replace Mr Simo Vuorilehto as the industrial conglomerate's chief executive immediately and will take over the chairmanship in June.

COPENHAGEN's CSE index was down 2.34 to 362.95 on profit-taking brought on by fears over how Wall Street would react at the opening. Banks, insurers and industrial all declined.

Novo Nordisk's fall of DKr18 to Dkr546 followed the decline in pharmaceutical shares in London and Wall Street, and helped depress the market.

OSLO industrials were underpinned by higher aluminium and oil prices, and the all share index rose 2.86 to 455.32.

MILAN closed firmer on the first day of the February trading account but came off the day's highs on profit-taking. *The Comit index rose 3.57 to* 551.03 in turnover estimated at less than Wednesday's L172.2bn.

Pirelli continued its recovery, closing up 7 per cent or L79 at L1,202.

AMSTERDAM closed mixed as Wall Street opened lower. The CBS Tendency Index fell 0.1 to 120.2. Profit taking and a weaker dollar sent Aegon 20 cents lower to Fl 127.00 while Amev closed 90 cents down at Fl 54.30.

ZURICH ended lower after two days of gains, turnover tailing off in the afternoon after active early dealings. The all-share SPI index fell 4.5 to 1,106.7 after rising three points in mid-morning.

MADRID, which liked Wednesday's consumer price inflation data, decided to worry about the subsequently published rise in the core inflation rate from 6.1 per cent in 1990 to 6.5 per cent in 1991. The general index closed 1.82 lower at 256.68, in volume estimated at around Pta17bn.

ISTANBUL soared 9.2 per cent to its highest level since February 27, 1991, on reports that the government would reveal measures to boost stock market activity on Saturday. The 75-share index rose 431.67 to 5,128.91 in turnover of around TL500bn.

## SOUTH AFRICA

JOHANNESBURG paused after its record-breaking rise. The overall share index fell 41 to 3,672 and the industrial index lost 48 to 4,487. The all-gold index dropped 15 to 1,283. Vaal Reefs ended R2 softer at R222 but off a low of R220.

ASIA PACIFIC

# Yen's sharp decline wipes out Nikkei's early gains

## Tokyo

PRICES received an early boost from New York's record close overnight but quickly retreated on pressure from the yen and index-linked and arbitrage selling, *writes Neil Weinberg in Tokyo.*

The Nikkei average closed down 162.94 at 21,612.19, the lowest finish since December 11 1991. It hit a daily high of 22,134.88 and a low of 21,500.55. Volume rose to 240m shares after Tuesday's 179m. The market was closed on Wednesday for a national holiday.

Declines outnumbered rises by 597 to 353 with 168 issues unchanged. The Topix index of all first-section stocks fell 6.02 to 1,618.38 and in London trading the ISE/Nikkei 50 index fell 2.35 to 1,228.88.

The early morning surge on index-related and foreign buying quickly ran out of steam. Weakness in the bond market and the yen's sharp decline against the dollar prompted unloading of shares and triggered sell programs among foreign institutions.

Many investors took a wait-and-see stance amid continuing trust fund and corporate sales and the unfolding scandal involving Mr Fumio Abe, former secretary general of Prime Minister Kiichi Miyazawa's ruling party faction.

"Some people think that if the Nikkei breaks below strong [technical] support at 21,600, it will hit 20,000 in the next few days," said Mr Masateru Igata of Salomon Brothers.

Speculative issues were the day's biggest losers, with Takuma off Y180, or 14 per cent, at Y1,080 and Clarion down by Y100 at Y830. Talk of financial trouble among speculative groups led to the sell-off, in a sector which has outperformed the Nikkei index by about 20 per cent in recent weeks, noted Mr Igata.

Export-oriented shares fared well on the yen's decline, with TDK advancing Y230 to Y4,230 and Sony Y80 to Y4,080. Financials also advanced, with Industrial Bank of Japan up Y50 to Y2,950 and Daiwa Securities Y20 to Y1,110.

In Osaka, the OSE average declined 140.96 to 23,057.71 in volume of 27.4m shares. Nissei Build lost Y160 to Y4,610.

## Roundup

HONG KONG continued to power ahead, as Wall Street encouraged most of the region.

HONG KONG advanced solidly to a third consecutive record high, helped by Wall Street and optimism over US-Sino trade talks. The Hang Seng Index climbed 29.48 to 4,412.14 in turnover of HK$1.92bn, up from HK$1.76bn.

Property counters turned in the day's best gains, while other important sectors were moderately higher.

SINGAPORE rose for the second consecutive day and the positive sentiment spilled over into KUALA LUMPUR. The Straits Times Industrials index ended 19.75 or 1.3 per cent up at 1,529.05 in turnover of S$305.7m after S$235.5m. The KLSE composite index climbed 16.95 or 3.1 per cent to 569.23, its highest close since August 14, in turnover of M$187.6m after M$92.1m.

Singapore motor dealer Cycle & Carriage jumped 45 cents to S$6.90 in an active 864,000 shares, on reports that the company's motor franchises have been increasing their market share in spite of government measures to control car growth.

TAIWAN closed above 5,000 for the first time in five months on expectations of a cut in domestic oil prices. The weighted index, wavering in a 100-point range all day, ended 83.89 or 1.7 per cent higher at 5,022.96 in turnover of T$49.3bn after T$48.7bn.

AUSTRALIA lost ground on rumours that the budget deficit had soared to A$9bn from the official forecast of A$4.7bn. The *All Ordinaries index closed at* 1,673.5, down 2.1, in turnover of A$275m. The finance minister, Mr Ralph Willis, denied the rumours after hours.

The All Resources index held on to early gains, rising 5.5 to 954.4 with the help of the lower Australian dollar.

Turnover included the placing of 5m MIM shares at A$2.40 by McIntosh Securities. MIM closed five cents lower at A$2.39. The fall follows Wednesday's announcement that interim net profit had slumped to A$16m from A$67.5m a year ago.

NEW ZEALAND was lifted by a 22 cent rise in Fletcher Challenge to NZ$3.62 on overseas buying. The NZSE-40 index gained 14.07 to 1,517.77 in turnover of NZ$38.83m.

SEOUL lost early gains as rumours of a summit between the presidents of North and South Korea and of lower oil prices were denied by the government. The composite stock index ended up 5.56 at 610.19 in turnover of Won357bn after Won231bn.

BANGKOK saw the most active day in the 16-year history of the Stock Exchange of Thailand, turnover hitting Bt8.59. The SET index rose 15.34 to 758.33, the largest index gain in more than a month.

Some brokers said that the market had heated up too fast. The SET president, Maruey Phadoongsidhi, said on Wednesday that from January 20 the margin loan requirement will be increased from 40 to 50 per cent.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Macken…, in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | WEDNESDAY JANUARY 15 1992 | | | | | | | | TUESDAY JANUARY 14 1992 | | | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of lines of stock | US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | 1991/92 High | 1991/92 Low | Year ago (approx) |
| Australia (69) | 149.03 | +0.9 | 125.83 | 120.96 | 125.66 | 133.72 | +1.5 | 4.14 | 147.77 | 122.29 | 118.44 | 122.19 | 131.79 | 160.31 | 112.74 | 112.74 |
| Austria (20) | 164.93 | −1.5 | 139.25 | 133.86 | 139.08 | 139.08 | +1.8 | 2.07 | 167.47 | 138.59 | 134.23 | 138.48 | 138.65 | 222.37 | 153.86 | 167.82 |
| Belgium (47) | 139.31 | −0.7 | 117.62 | 113.06 | 117.48 | 114.75 | +2.2 | 5.16 | 140.29 | 116.10 | 112.44 | 116.01 | 112.27 | 151.20 | 118.04 | 121.73 |
| *Canada (115)* | *140.77* | *−0.1* | *118.85* | *114.25* | *118.70* | *117.88* | *+0.6* | *3.13* | *140.84* | *116.56* | *112.88* | *116.46* | *117.13* | *144.28* | *126.49* | *127.18* |
| Denmark (37) | 262.96 | −2.5 | 222.02 | 213.43 | 221.75 | 224.67 | +0.7 | 1.59 | 269.67 | 223.17 | 216.15 | 222.99 | 223.38 | 273.94 | 217.74 | 219.83 |
| Finland (15) | 86.41 | +0.6 | 72.95 | 70.14 | 72.87 | 79.89 | +3.6 | 3.05 | 85.93 | 71.11 | 68.88 | 71.05 | 77.13 | 125.15 | 73.32 | 90.61 |
| France (109) | 148.90 | −0.4 | 125.72 | 120.84 | 125.55 | 129.22 | +1.6 | 3.43 | 149.43 | 123.67 | 119.77 | 123.56 | 127.17 | 152.39 | 119.11 | 122.59 |
| Germany (65) | 115.49 | +0.2 | 97.50 | 93.74 | 97.38 | 97.38 | +2.2 | 2.37 | 115.28 | 95.40 | 92.41 | 95.32 | 95.32 | 125.35 | 94.15 | 102.63 |
| Hong Kong (55) | 180.61 | +0.5 | 152.49 | 146.59 | 152.31 | 179.99 | +0.5 | 4.14 | 179.70 | 148.71 | 144.03 | 148.60 | 179.01 | 180.61 | 119.62 | 119.62 |
| Ireland (18) | 164.37 | −0.4 | 138.78 | 133.41 | 138.61 | 141.27 | +2.0 | 3.55 | 165.06 | 136.60 | 132.30 | 136.48 | 138.56 | 182.46 | 132.88 | 132.88 |
| Italy (77) | 77.45 | −0.1 | 65.39 | 62.86 | 65.31 | 70.71 | +2.0 | 3.26 | 77.52 | 64.15 | 62.13 | 64.10 | 69.36 | 88.23 | 64.78 | 72.12 |
| Japan (474) | 124.89 | −1.2 | 105.44 | 101.36 | 105.33 | 101.36 | +0.0 | 0.84 | 126.46 | 104.66 | 101.36 | 104.58 | 101.36 | 146.97 | 118.23 | 118.35 |
| Malaysia (68) | 214.74 | +0.8 | 181.31 | 174.29 | 181.08 | 224.71 | +1.3 | 2.91 | 213.00 | 176.27 | 170.72 | 176.13 | 221.90 | 247.78 | 189.18 | 192.89 |
| Mexico (18) | 1502.17 | +2.1 | 1268.28 | 1219.22 | 1266.74 | 5030.65 | +2.0 | 1.04 | 1471.54 | 1217.80 | 1179.47 | 1216.81 | 4931.70 | 1502.17 | 534.45 | 538.74 |
| Netherland (31) | 150.45 | +0.3 | 127.03 | 122.11 | 126.87 | 125.42 | +2.3 | 4.31 | 150.00 | 124.14 | 120.23 | 124.04 | 122.55 | 155.45 | 125.70 | 125.70 |
| New Zealand (14) | 46.48 | +0.9 | 39.25 | 37.73 | 39.20 | 45.78 | +1.8 | 6.00 | 46.05 | 38.11 | 36.91 | 38.08 | 44.95 | 54.64 | 41.18 | 41.41 |
| Norway (25) | 182.70 | −0.5 | 154.26 | 148.29 | 154.07 | 158.03 | +2.5 | 1.64 | 183.65 | 151.98 | 147.20 | 151.86 | 154.11 | 223.24 | 167.08 | 182.43 |
| Singapore (38) | 220.78 | +1.9 | 186.40 | 179.19 | 186.17 | 167.57 | +2.8 | 2.08 | 216.60 | 179.25 | 173.61 | 179.10 | 163.05 | 223.53 | 151.63 | 151.63 |
| *South Africa (61)* | *258.92* | *−0.3* | *218.60* | *210.14* | *218.33* | *187.08* | *+1.8* | *2.64* | *259.74* | *214.96* | *208.19* | *214.78* | *183.74* | *271.99* | *173.00* | *182.51* |
| Spain (52) | 155.49 | +0.0 | 131.28 | 126.21 | 131.12 | 120.92 | +2.0 | 4.57 | 155.43 | 128.63 | 124.58 | 128.52 | 118.51 | 171.12 | 131.51 | 131.51 |
| Sweden (25) | 179.13 | −0.6 | 151.24 | 145.39 | 151.06 | 156.52 | +1.5 | 2.85 | 180.24 | 149.16 | 144.47 | 149.05 | 154.23 | 204.12 | 146.60 | 150.70 |
| Switzerland (59) | 100.59 | −0.1 | 84.92 | 81.64 | 84.83 | 89.95 | +2.1 | 2.22 | 100.70 | 83.34 | 80.72 | 83.28 | 88.12 | 103.50 | 82.17 | 82.17 |
| United Kingdom (234) | 177.15 | −1.1 | 149.57 | 143.77 | 149.37 | 149.57 | +0.9 | 4.98 | 179.18 | 148.28 | 143.60 | 148.15 | 148.28 | 187.44 | 156.27 | 156.27 |
| USA (523) | 171.66 | +0.1 | 144.93 | 139.33 | 144.77 | 171.66 | +0.1 | 2.84 | 171.52 | 141.95 | 137.49 | 141.84 | 171.52 | 171.66 | 125.95 | 127.96 |
| Europe (814) | 144.25 | −0.6 | 121.79 | 117.08 | 121.65 | 122.33 | +1.5 | 3.93 | 145.08 | 120.06 | 116.29 | 119.97 | 120.52 | 151.52 | 125.50 | 125.50 |
| Nordic (102) | 182.53 | −1.5 | 154.11 | 148.15 | 153.93 | 152.23 | +1.3 | 2.13 | 185.24 | 153.30 | 148.48 | 153.18 | 150.31 | 200.81 | 156.66 | 156.84 |
| Pacific Basin (718) | 127.25 | −1.0 | 107.43 | 103.28 | 107.30 | 104.57 | +0.1 | 1.17 | 128.56 | 106.39 | 103.05 | 106.31 | 104.43 | 145.92 | 117.86 | 117.86 |
| Euro−Pacific (1532) | 134.34 | −0.8 | 113.42 | 109.02 | 113.28 | 112.38 | +0.7 | 2.35 | 135.46 | 112.11 | 108.57 | 112.01 | 111.58 | 147.66 | 121.29 | 121.29 |
| North America (638) | 169.69 | +0.1 | 143.27 | 137.74 | 143.12 | 168.00 | +0.1 | 2.85 | 169.58 | 140.32 | 135.92 | 140.23 | 167.82 | 169.69 | 125.91 | 127.82 |
| Europe Ex. UK (580) | 124.17 | −0.2 | 104.83 | 100.80 | 104.73 | 106.49 | +2.0 | 3.19 | 124.38 | 102.93 | 99.71 | 102.87 | 104.44 | 129.80 | 103.58 | 106.85 |
| Pacific Ex. Japan (244) | 150.56 | +0.8 | 127.11 | 122.21 | 126.97 | 136.52 | +1.3 | 3.89 | 149.31 | 123.57 | 119.70 | 123.48 | 134.83 | 153.19 | 111.40 | 111.40 |
| World Ex. US (1726) | 136.77 | −0.8 | 115.47 | 111.02 | 115.34 | 114.58 | +0.8 | 2.37 | 137.83 | 114.06 | 110.48 | 113.98 | 113.72 | 148.16 | 122.32 | 122.32 |
| *World Ex. UK (2015)* | *144.67* | *−0.4* | *122.14* | *117.43* | *122.01* | *130.39* | *+0.4* | *2.28* | *145.19* | *120.15* | *116.38* | *120.07* | *129.81* | *150.56* | *120.06* | *120.06* |
| World Ex. So. Af. (2188) | 146.77 | −0.4 | 123.92 | 119.14 | 123.78 | 131.73 | +0.5 | 2.55 | 147.42 | 122.00 | 118.17 | 121.91 | 131.11 | 153.06 | 122.92 | 122.92 |
| World Ex. Japan (1775) | 160.85 | −0.1 | 135.80 | 130.56 | 135.66 | 149.77 | +0.7 | 3.26 | 161.02 | 133.25 | 129.07 | 133.16 | 148.74 | 161.90 | 126.69 | 127.06 |
| The World Index (2249) | 147.51 | −0.4 | 124.54 | 119.73 | 124.40 | 132.23 | +0.6 | 2.56 | 148.16 | 122.61 | 118.76 | 122.52 | 131.68 | 153.70 | 123.28 | 123.28 |


Latest prices were unavailable for this edition. Japanese market closed January 15.

# RECRUITMENT

## JOBS: Study casts doubt on the usefulness of performance-pay schemes for executives

# A good way of demotivating the majority

"THEY'RE like illicit love affairs... or so I'm told, anyway" said Derek Torrington of University of Manchester Institute of Science and Technology. "When you're not personally involved in one, you feel you're missing out on something marvellous. When you are involved, you spend most of the time being miserable."

What the UMIST professor was talking about was performance-related pay schemes for higher-ranked staff, which used to be called incentive-pay systems. And by the end of his session at the British Psychological Society's conference the other day, he and his audience had shed light on the reasons for the change of title. For one thing, some 95 per cent of those present felt that, in general, such schemes had more of a *disincentive* effect than the opposite.

Derek Torrington has studied their workings in eight big business groups in Britain. Although he may not name them, they comprise one each in chemicals, oil, specialised lubricants, water-supply, telecommunications, computers, plus a bank and a conglomerate.

One of his findings is that the schemes are apt to be inflationary. When the groups decided to instal them, the usual prediction had been that they would add 3 to 5½ per cent to the relevant paybill. As things turned out, the increase ran into double digits in several cases, and in one of them was no less than 27 per cent.

The unexpectedly high expense was perhaps the main reason why all the groups remained firmly committed to the schemes as an important part of policy. For the commitment could scarcely be explained by the way they were working. Of the eight, only one could honestly say that its scheme was successful.

The professor suspects that whether such devices work hinges decisively on company culture. For instance, the successful one was in the computer group marked by sales-orientation of a strength far more often found in the United States than the United Kingdom. Moreover, the tenet that pay should depend much on performance-measures is a fundamental principle of the company's philosophy.

"If that's what everyone believes, you're maybe OK," he said. "But otherwise you can easily raise the spectre of unfairness."

In a real pay-by-performance culture, employees presumably see themselves as resembling market traders. In Britain if not Europe generally, however, most people expect something different from employment. Derek Torrington illustrated the difference by contrasting his efforts as an author of books on management – he has at least partly written 25 of them – with his work as an academic. In his author's role, he would never think it *unfair* that popular novelists should make so much more money out of the activity. But he might well be aggrieved to find the same was true of his fellow professors.

What's more, the bulk of the schemes included so-called performance criteria that certainly did not reduce the risk of raising the spectre of unfairness.

The bank was the most eccentric in dishing out the performance pay in advance on estimates of staff's likely achievements over the next 12 months. True, there was machinery for adjustments the following year in the event of shortfall. But the mechanism was apparently not often used. And while the rest waited for results to happen before rewarding them, their measures of what constituted above-average achievement were sometimes questionable to say the least. In the conglomerate, for example, managers in the £20,000 salary range were receiving performance bonuses for being punctual.

So it is perhaps hardly surprising that seven of the eight schemes studied had proved less than a resounding success. Indeed it may even be, as a member of the audience suggested, that with only rare exceptions the effect of performance-pay schemes is to encourage the few at the cost of demotivating the many.

NOW to the table below which shows a sample of the international living-costs indicators drawn up by the P-E International management consultancy. Anyone wanting the full survey, which gives data on many more places than the 60 I have room for and costs £300, should contact Simon McBride of P-E at Park House, Wick Rd, Egham, Surrey TW20 0HW; tel 0784 434411, fax 0784 437828.

The cost indices in all cases refer to particular cities as distinct from entire countries, and are based on London prices at 100. Since the survey takes time to compile, its findings are not bang up to date. The actual levels reflected by the indices are those prevailing last October. The currency exchange-rates are those of the same date, but the inflation rates are the latest P-E could obtain from official sources before the survey went to press. Unfortunately, since nobody seems able to devise an internationally consistent gauge of housing costs, no account of them is taken in the indices.

Otherwise, they should be a tolerably approximate guide, not least because prices tend to stay fairly stable and so can be updated for currency fluctuations.

The adjustment is made by taking the exchange rate shown in the table, dividing it by the latest market rate, and then multiplying the result by the index figure.

**Michael Dixon**

| Place | Living cost index | *Inflation %* | Exch'ge rate £1 = | Place | Living cost index | *Inflation %* | Exch'ge rate £1 = | Place | Living cost index | *Inflation %* | Exch'ge rate £1 = |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Japan, Tokyo | 145.3 | *2.7* | 232.75 | Ireland, Dublin | 96.8 | *3.5* | 1.09 | Singapore | 84.7 | *4.0* | 2.95 |
| Norway, Oslo | 128.6 | *3.3* | 11.40 | Taiwan, Taipei | 96.6 | *5.1* | 46.48 | Trinidad, P of Spn | 84.6 | *5.1* | 7.44 |
| Sweden, Stockholm | 124.2 | *10.7* | 10.72 | USA, New York | 96.2 | *3.4* | 1.75 | UAE, Abu Dhabi | 81.7 | *10.0* | 6.44 |
| Finland, Helsinki | 121.0 | *3.7* | 7.10 | Germany, Frankfurt | 94.9 | *3.5* | 2.92 | Brunei | 80.6 | *2.5* | 2.95 |
| Congo, Brazzaville | 120.9 | *2.2* | 498.25 | Barbados, Bridget'n | 93.3 | *5.6* | 3.52 | Thailand, Bangkok | 80.6 | *6.0* | 44.63 |
| Switzerland, Zurich | 111.8 | *5.7* | 2.54 | Antigua | 91.6 | *1.0* | 4.73 | UAE, Dubai | 79.6 | *10.0* | 6.44 |
| Libya, Tripoli | 111.4 | *4.4* | 0.50 | Canada, Toronto | 91.3 | *5.4* | 1.98 | Indonesia, Jakarta | 78.3 | *8.6* | 3,448.05 |
| Denmark, Copenh'n | 111.0 | *1.8* | 11.24 | Australia, Sydney | 90.8 | *3.9* | 2.19 | N Zealand, W'ton | 78.3 | *4.5* | 3.09 |
| Ivory Cst, Abidjan | 110.3 | *−1.3* | 498.25 | Oman, Muscat | 89.3 | *1.6* | 0.68 | China, Beijing | 77.1 | *9.6* | 9.33 |
| Italy, Milan | 105.9 | *6.1* | 2,179.75 | Luxembourg | 89.3 | *3.2* | 60.00 | Jordan, Amman | 76.0 | *8.3* | 1.19 |
| Liberia, Monrovia | 103.5 | *4.5* | 1.75 | Netherlands, Am'dam | 89.0 | *4.4* | 3.29 | Fiji, Suva | 74.8 | *5.5* | 2.55 |
| Bahamas, Nassau | 101.8 | *8.1* | 1.75 | Qatar, Doha | 88.5 | *1.6* | 6.38 | Tunisia, Tunis | 74.8 | *8.2* | 1.63 |
| France, Paris | 101.7 | *2.6* | 9.93 | Portugal, Lisbon | 88.4 | *10.2* | 252.10 | Malaysa, K Lumpur | 74.5 | *4.3* | 4.79 |
| Spain, Madrid | 101.1 | *5.7* | 184.15 | S Arabia, Riyadh | 88.1 | *4.6* | 6.50 | Nigeria, Lagos | 71.0 | *7.8* | 18.82 |
| Belgium, Brussels | 100.8 | *2.2* | 60.00 | Papua NG, P M'sby | 87.7 | *6.8* | 1.65 | Morocco, C'blanca | 70.9 | *8.3* | 15.63 |
| Seychelles, Victoria | 100.7 | *0.3* | 9.24 | USA, Los Angeles | 87.5 | *3.4* | 1.75 | Panama | 69.3 | *1.2* | 1.75 |
| UK, London | 100.0 | *3.7* | 1.00 | Bahrain, Manama | 87.4 | *2.3* | 0.66 | Bangladesh, Dacca | 66.8 | *7.4* | 63.88 |
| S Korea, Seoul | 99.8 | *8.6* | 1,295.75 | Romania, Bucharest | 87.4 | *4.7* | 103.64 | Pakistan, Karachi | 57.3 | *12.6* | 42.82 |
| Austria, Vienna | 99.7 | *3.2* | 20.50 | Malta, Valletta | 86.6 | *1.3* | 0.57 | India, Bombay | 56.6 | *12.1* | 45.05 |
| Mauritania, N'chott | 97.0 | *6.3* | 148.82 | Cyprus, Nicosia | 84.8 | *6.3* | 0.80 | Cuba, Havana | 49.8 | *7.0* | 2.34 |

# Head of Information Technology

## AIB Capital Markets plc

Dublin

AIB Capital Markets is one of the four operating divisions within Allied Irish Banks plc which employs some 14,000 people and has assets in excess of IR£18 billion. It engages in a broad range of merchant banking activities including the provision of international treasury, investment banking and financial and corporate services; key locations are Dublin, London, New York and Singapore.

The primary task is to spearhead the development and maintenance of high quality information, dealing and processing systems throughout the network which will further enhance the Company's competitive advantage. The requirement is for a unique combination of proven managerial, information technology and business skills coupled to a deep understanding of the profitable applications of leading-edge technology within international financial services. Age indicator, 30/45. The total compensation package, which will be discussed at interview, includes a competitive salary and an attractive range of benefits.

Please write stating how you meet the requirements to H.W.J. Flannery, MSL Group Limited, Newmount House, 22/24 Lower Mount Street, Dublin 2 quoting reference 83561.

**MSL International**

CONSULTANTS IN SEARCH AND SELECTION

# MONEY MARKET SALES

Swiss Bank Corporation is a major AAA/Aaa-rated international bank offering a full range of high-quality investment banking services to its clients through a global network.

The bank is the undisputed market leader in money market securities and was awarded International Financing Review's "ECP Dealer of the Year" in 1991. In addition, the bank ranks as the leading European house in the developing Euro Medium Term Note market.

Continued growth in these core activities has now created the need for additional Money Market Sales Professionals to be based in London. Responsibilities will include the distribution of EMTNs, FRNs, ECP and short-dated bonds with the primary objective of servicing and expanding the bank's extensive European investor base.

Ideally a graduate, aged 25-35, you should have at least three to four years relevant experience with in-depth practical knowledge of the requisite products. A number of positions are available, one of which would include the risk management function where you will be expected to contribute in the development of hedging strategies, utilising both futures and swaps.

Joining a proven and successful sales team you must possess excellent interpersonal skills and a solid track record of achievement. Knowledge of at least one other European language would be a distinct advantage.

These positions offer excellent scope for career advancement within one of Europe's most prestigious financial institutions. Competitive salaries will be augmented by a full range of banking benefits.

Please write with full personal and career details to:

Steven G Ward,
Human Resources,
Swiss Bank Corporation,
Swiss Bank House,
1 High Timber Street,
London EC4V 3SB.

**Swiss Bank Corporation**
Schweizerischer Bankverein
Société de Banque Suisse

# FLEMINGS

## ASSET MANAGEMENT

## EXPERIENCED UK EQUITY ANALYST

Robert Fleming is a major UK based investment bank with significant activities throughout the world. The Group manages funds worth £28 billion through its various international fund management operations. Robert Fleming Asset Management in London with £19 billion under management is one of the largest international investment management companies in the United Kingdom.

The Group now wishes to recruit an experienced analyst to join its well established UK Research Team. Flemings is a research driven organisation and the successful candidate will be expected to undertake significant UK sector responsibilities whilst maintaining a broad international perspective. He or she will take a leading role in sector and stock selection and will be expected to develop and maintain company contact at the most senior levels.

Applicants should be graduates in their mid to late twenties with a minimum of two years research experience in a leading Investment Management organisation or Stockbroker. Although this particular vacancy is in the Capital Goods group of sectors, candidates who can demonstrate a successful track record in other sectors will be considered. Well developed analytical skills are vital as is the ability to present ideas clearly to senior management and clients.

A competitive salary and first-class banking benefits package will be offered to the successful candidate.

Applicants should write enclosing their C.V. and details of current remuneration to:

David Weeks,
Director-Personnel,
ROBERT FLEMING & CO. LIMITED,
25 Copthall Avenue, London EC2R 7DR.

# Leading Global Securities House

## Head of Compliance

London — Excellent Package

Our client, a major UK securities house, is one of the most prestigious and respected names in the global securities markets. It is a highly successful and autonomous subsidiary of an eminent banking group and has offices in all major financial centres.

Following an internal promotion, there is a need to appoint a UK Head of Compliance. It is anticipated that the successful candidate will become Head of Global Compliance within a year.

Reporting to the Group Finance Director and heading a small team, the appointee will be responsible for all compliance matters. This will include monitoring and ensuring compliance with all relevant rules and regulations of statutory and self-regulatory bodies; liaising with, and reporting to, the SFA; and keeping abreast of all regulatory legislation and change. The development of the compliance function globally and relevant policy issues will become key areas of responsibility.

Candidates, probably aged in their 30's, will be qualified lawyers or accountants, with several years' experience of the compliance function within the securities industry and also detailed knowledge of the rules and practices of the SFA. A sharp intellect and high integrity are essential and international experience would be highly advantageous.

The attractive remuneration package, which will be negotiable depending on experience and ability, will reflect the importance of this key role in a changing and stimulating environment.

Interested applicants should write, enclosing a CV and details of current remuneration, to Roger Howell at the address below, quoting reference 093J.

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MANAGEMENT SELECTION

32 Old Burlington Street, London W1X 1LB Fax: 071-287 2821. Telephone: 071-287 2820.

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Our client, a leader in capital markets, fixed-income and derivative products seeks a credit analyst with 5 years banking experience within international/investment banking environment. Educated to degree level, with formal US training you will be responsible for corporate and for counterparty credit analysis, country and political risk, measuring/monitoring market and unsecured exposure to counterparties, analysis of currency and interest rate exposure, ratings advisory to issuers.

*Please contact Ron Bradley on 071-623 1266.*

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP
Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

FG — **FG Inversiones Bursatiles SA**

# FG REQUIRES SENIOR BOND ANALYST

F G Inversiones Bursatiles, the leading independent Madrid stockbroker, wishes to make a significant investment in the development and expansion of its growing business in the Spanish Government Bonds and fixed interest securities markets.

Initially F G wishes to appoint, to a new position, a senior Bond Analyst. The successful candidate, who will be based in Madrid, can anticipate a leading role in the management of this part of FG's business. He/she will have at least three years' experience in studying the fixed interest markets and will be able to express an insight into the influence that international, political and economic events will bring to bear on the bond markets. He or she will demonstrate a pro-active and forward looking approach, will have the ability, and feel the need to be able to sell ideas and should also demonstrate management ambitions. The successful candidate will be computer comfortable and will be practiced in devising and interpreting computer models. A working knowledge of Spanish would be a useful start although it is anticipated that the successful candidate will have the determination and ability to master the finer points of the Spanish language within the course of his or her first year.

A substantial remuneration is anticipated and it is expected that the appointed candidate will, over the medium term, build a prominent and successful bond research team.

In the first instance write to Ricardo Mandelbaum, with a copy of your c.v. and an appreciation of how you see this appointment developing:

Ricardo Mandelbaum
F G Inversiones Bursatiles SA
Jose Ortega y Gasset, 29-5
28006 Madrid

*Initial interviews will be held in London and prospective candidates will be given an opportunity to spend a few days with FG in Madrid.*

# BANK OF IRELAND INVESTMENT MANAGERS LIMITED

Bank of Ireland Group has a long-standing, impressive record in investment management with over £3 billion funds under management. Our UK investment management arm provides services to pension funds, charities, corporate and private clients. The continuous growth of our business is a direct result of outstanding performance and first-class service to our customers. We are now seeking to fill the following position.

## SENIOR PORTFOLIO MANAGER LONDON

The position primarily involves managing all UK client portfolios. It has a further important function in the development of new business through existing and new customers.

Reporting directly to the Managing Director of our UK fund management company, Bank of Ireland Investment Managers Limited, the successful candidate will have a minimum of 5 years experience in our industry. Candidates are likely to be high-calibre graduates with a proven track record in portfolio management. They must have excellent communication skills and be fully versed with domestic and international markets. The ability to work on your own initiative will be an important prerequisite and ability rather than age will be the determining factor in selection.

We offer a first-class remuneration package which will be performance related and will include company car, mortgage subsidy and other benefits.

Please send C.V. details in confidence to:

Fred Healy,
Head of Personnel,
Bank of Ireland Investment Managers Limited,
36, Queen Street,
London EC4R 1BN.

**SPOT F. X.** — **£60,000**

Major international bank is seeking a trader with a profitable record to date in Spot $/Yen or Dmk/Yen. Aged between 26 - 32, a minimum of 4 years experience is essential for this senior position. A generous performance related bonus scheme is in operation.

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Position is available within a top international bank for an experienced dealer in OTC Currency Options. The incumbent will start a portfolio of currencies and trade volatility as well as taking longer term, speculative positions. Package is negotiable according to profitability.

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First class European bank requires a junior Foreign Exchange dealer with 2-3 years experience of trading interbank in either Spot $/Dmk or EMS Crosses. Genuine career progression is offered to the successful candidate who can demonstrate the ability to perform profitably within a team structure.

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Specialist FRA/Futures trader is sought by a respected British bank. Dealing expertise in US $ and £ is required together with a sound Money Market background and working knowledge of Interest Rate Swaps and Options. Ideally aged 25 -30, graduates are preferred.

FOREX Selection

*Treasury Recruitment*

Please call Jane Hampton or write in confidence quoting ref: JH1515.
Tel: 071-696 0191.
12 Copthall Avenue,
London, EC2R 7DH.

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071 - 588 7511

The London Branch of a major German Bank is expanding its Project and Structured Finance activities in the UK and seeks an experienced

# PROJECT AND STRUCTURED FINANCE MANAGER

The successful applicant will have a minimum of 5 - 7 years' experience in this line of business with particular knowledge in the assessment of UK project finance transactions.

He/she will be a senior member of a small Project and Structured Finance Team responsible for the development, analysis, assessment and day-to-day running of the Bank's business in this sector.

The position will involve customer contact and demands flexibility, an outgoing personality and the ability to make decisions. Good skills in computer modelling are required.

Some knowledge of German is desirable but not a requirement.

The position offers excellent career prospects in a friendly international environment.

Applicants with CV and salary expectations to Box A438, Financial Times, One Southwark Bridge, London SE1 9HL

# BOND PORTFOLIO MANAGEMENT

## a senior, influential role in fund management

***competitive salary plus benefits***

Our client is a UK based bank with a developing international client base and overseas operations. We are currently retained to identify a Bond Portfolio Manager for their Fund Management Division.

This is a senior, broad ranging position, requiring full utilisation of your experience of international bond portfolio management. You will be expected to provide systematic, analytical and quantitative reviews, undertake empirical and quantitative research and contribute to in-house publications on international bond and fixed income markets. As a member of the Asset Allocation Committee, you will have a direct influence in overall client portfolio strategies and will be given considerable autonomy to manage client bond portfolios. Active marketing of bond portfolio management strategies and products to prospective clients will also be a major element of your duties.

This multi-faceted and challenging role will appeal to an ambitious individual who enjoys variety and wishes to combine all aspects of bond portfolio management and client marketing within the small, focused fund management team.

Applications are invited from enthusiastic, committed and self motivated individuals who are likely to have had 4 to 5 years' relevant experience, ideally gained with one of the major investment/merchant banks. Computer literacy is necessary together with a working knowledge of portfolio management and optimisation software. Candidates should hold a degree in business studies, economics or finance and may have complemented this with an MBA.

Interested applicants should send their Curriculum Vitae in confidence to:
**Ian Dodd, Executive Director** or telephone for an initial discussion.

INTERNATIONAL FINANCIAL RECRUITMENT CONSULTANTS

7 Birchin Lane,
London EC3V 9BY

Devonshire Executive Ltd

Tel: 071 895 8050
Fax: 071 626 2092

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# Investment Sales Manager

## Major European Financial Services Group

## Scotland

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Our client is part of one of the largest financial services groups in Europe with in excess of £20 billion under management. The group has a well established and expanding operation in the UK and can boast excellent fund performance.

It has been decided to augment the UK investment sales team by the appointment of a Sales Manager to develop and secure Unit Trust and PEP business from professional intermediaries in Scotland, the North East of England and Northern Ireland. The appointee's daily contact with the market place will assist in providing valuable input for the generation of marketing initiatives. The role also involves the motivation and training of the group's non-specialist sales teams to enable them to secure investment business.

Ideally aged 30-45, you should be able to demonstrate a thorough understanding of investment markets probably gained from working within an investment management group, a stockbroking firm or other financial institution. Previous intermediary sales experience is not a prerequisite.

The remuneration package includes a high basic salary, mortgage subsidy, non-contributory pension, BUPA, bonus, quality car and relocation assistance where appropriate.

For a strictly confidential discussion, please telephone or write to **Robin Douglas, quoting reference 1424 at FLA, 58 Queen Street, Edinburgh, EH2 3NS. Tel: 031 220 3689.**

FLA

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Our client is a small capital markets specialist with offices in London, New York and Zurich. It has blue chip continental shareholders and offers its institutional clients a discreet high quality service.

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We wish to hear from individuals who have an impressive track record in institutional bond sales. Suitable applicants are likely to have a strong personal client base who they would prefer to service from an independent specialist firm. They should also appreciate working in a friendly, professional and apolitical environment. Remuneration will prove attractive to the right individuals.

*To discuss these opportunities further, in strictest confidence, please contact **Christopher Lawless or Stuart Clifford on 071-379 1100** or write to **The Bloomsbury Group, 4th Floor, Alton House, 177 High Holborn, London WC1V 7AA.***

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YAMAICHI

# Corporate Finance Executives

Italian, French or Spanish markets

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Age: Late 20s - early 30s

Salary: c £50,000 plus mortgage subs, bonus and generous banking benefits

Yamaichi Securities is one of the world's leading securities houses, with 40 offices spanning 24 major financial centres. In London, Yamaichi International (Europe) is its European flagship employing over 350 people from twelve countries.

A number of positions have arisen in its expanding Corporate Finance department for highly motivated Corporate Finance professionals.

Reporting to the Head of the Southern European Desk, each position's primary responsibility will be to market a full range of corporate finance services to either Italian, French, or Spanish and Portuguese clients.

It is essential that candidates are fluent in one of these languages and have extensive contacts in the public and corporate sectors of the corresponding country. A proven track record in deal making, excellent communication and negotiation skills, together with commercial flair and dynamism gained in a leading financial institution, are essential for success in this competitive and challenging environment.

*Candidates should submit a detailed cv, in confidence, to Kath Lawrence, Head of Personnel, Yamaichi International (Europe) Ltd, 111-117 Finsbury Pavement, London, EC2A 1EQ*

Yamaichi International (Europe) Limited

Member of the Securities and Futures Authority and Member of the London Stock Exchange

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ESN

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# Treasurer

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ESN Pension Management Group Ltd is the sole fund manager for the Electricity Supply Pension Scheme which is currently valued at approximately £10 billion and ranks as the second largest pension scheme in the UK. Following the privatisation of the Electricity Supply Industry the Scheme operates as a unitised fund for the 17 participating companies within England and Wales.

As a result of the growth of the Scheme's investments and the changes in the company's style of operation, a new opportunity has been created for a Treasurer in the company's offices in Buckingham Palace Road, SW1.

Reporting directly to the Financial Controller, you will be responsible for the day to day investment of cash balances of the scheme including its associated companies. This will involve liaison with banks and other financial organisations. As the Scheme has extensive overseas investments, you will also be responsible for controlling the investment of foreign currency balances. Close liaison with the Securities Division will be necessary as well as the need to carry out ad hoc financial assignments within the Finance Division.

***You must:***

- have at least 3 years' treasury experience in a large commercial/fund management organisation;
- possess experience of funding methods, interest and exchange rate management, money market dealings and procedures;
- have good communication skills and the ability to meet deadlines;
- preferably be a qualified accountant and have experience of computerised treasury systems.

***Applications in confidence with a full CV and quoting current remuneration details should be sent as soon as possible to:***

***Recruitment Section, 30 Millbank, London SW1P 4RD.***

*Equal Opportunity Policy Applies*

# MCM A Xerox Financial Services Company

MCM supplies screen based financial information to some 1400 Currency and Fixed Income dealing operations worldwide, principally through the Telerate network.

We are seeking market analysts to join our London based team on our CurrencyWatch and YieldWatch products.

Candidates should ideally have:

- A degree in Economics or Finance
- Experience in either a foreign exchange or fixed income trading environment
- A high degree of market sensitivity is essential as the services are continuously updated on-line. A quick reaction time, on-the-spot analytical ability, and effective communication skills are thus vital.
- A high degree of team spirit

Fluency in French or German would be an added advantage.

The right candidates will have an opportunity to rapidly develop responsibility in a team of analysts who have an excellent reputation in the market place. In the first instance, please forward your CV to:

Malcolm Cook
McCarthy, Crisanti & Maffei Inc
7 Holyrood Street
London SE1 2EL
Fax: 071 357 7959
or call on
Tel: 071 378 7273

# International Banker

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■ *A major Kuwaiti Bank is seeking an experienced and enterprising international banker for a highly responsible position in its head office. The position provides good growth potential and involves international travel. An excellent tax free remuneration will be offered to the successful candidate.*

■ *The ideal candidate will have the following basic qualifications:*
*University degree and/or a professional banking qualification.*
*Excellent marketing skills and experience in the sale of bank products particularly to the corporate, correspondent bank and government sectors.*

■ *Technically proficient in the credit area.*
*Excellent interpersonal and communication skills.*
*Proficient in the English language.*
*Age: 30-45 years.*

■ *Experience in trade finance and asset trading fields and additional language skills will be considered as advantages.*

■ *Interested candidates who meet the above basic requirements are invited to apply in confidence giving details of previous experience before 31st January 1992; quoting reference FMH/132 to: Ernst & Young, PO Box 74, Safat 13001, Kuwait.*

ERNST & YOUNG

# ORD MINNETT LIMITED

## Mining Equity Analysis and Sales

To reinforce our commitment to International Mining equity broking, we are seeking to recruit, to our London team, the following experienced personnel.

### INVESTMENT ANALYST

Preferably, but not essentially, with knowledge of North American and European base metal and diversified mining companies.

### INSTITUTIONAL SALES PERSON

Knowledge of mining industry is essential. Experience of dealing with Continental European institutions an advantage.

Salaries will be commensurate with experience.

Applicants should send their C.V., in confidence, to Reg Eccles, Managing Director, Ord Minnett Limited, One College Hill, London EC4R 2RA

# Sales Trader – German Equities

Our Head Office in Frankfurt requires an experienced sales trader for German equities.

The successful candidate should have established contacts in the U.K. as well as a working knowledge of both the cash market and derivative instruments together with the ability to identify profitable connections between the two.

The position provides an excellent opportunity to work in a market environment which is both lively and demanding.

German language skills would be advantageous although not a prerequisite. The salary will be appropriate to the position, supplemented by a generous range of banking benefits.

Please reply in confidence with a detailed career history to:

Dresdner Bank AG
Konzernstab Personal
Zentrale/Ausland
Jürgen-Ponto-Platz 1
6000 Frankfurt 11

Dresdner Bank

# EUROMONEY

## Euromoney Graduate Marketing Job Experience Scheme

Euromoney Publications PLC is initiating a new job experience scheme for up to five graduates who are interested in learning about marketing of financial publications and financial information products. The Scheme will last for three months. There will be a bursary of £500 a month paid to each trainee. At the end of three months, trainees will be assessed on their aptitutes, and a selected number may be offered permanent employment.

If you wish to apply, please send a CV, plus a 200-word summary of why you think you are suitable for this scheme, to:

Gerard Strahan, Director
Euromoney Publications Plc
Nestor House,
Playhouse Yard,
London EC4V 5EX

# Head of the Aston Business School

Outstanding candidates are sought for this post, to lead the Aston Business School through a period of continued expansion and development, and to enhance its position as a centre of excellence.

The Aston Business School is already one of the largest business schools in Great Britain. Together with a very strong Department of Modern Languages, it forms the Faculty of Management and Modern Languages which contains 50% of Aston University's student population. It has a strong international orientation, and operates an extensive network of student and staff exchanges, especially in Europe. Aston University is recognised as one of Britain's leading universities in the application of Information Technology, and is well placed to meet the challenges and opportunities of the 1990s and beyond, as a leading European university.

Candidates should have a record of outstanding achievement in either the academic world, industry, commerce or the public sector. A proven academic record, with a particular commitment to high-quality research, would be especially welcome. A thorough understanding of current initiatives and challenges in management education and practice is essential, together with demonstrated ability to develop effective strategic plans in a competitive environment. Candidates should have a wide range of high-level contacts in industry, commerce and the public sector, and be able to demonstrate strong creative leadership and first-rate communication skills.

A continuing appointment, secondment or limited-term contract will be considered. The remuneration package will be negotiable, to reflect the seniority of the post within the University.

*Anyone wishing to discuss the post informally may approach the Vice-Chancellor, Professor Sir Frederick Crawford, or the Secretary-Registrar, Mr David Packham. Tel: 021-359 3611.*

*Further particulars may be obtained from: The Secretary-Registrar, Aston University, Aston Triangle, Birmingham B4 7ET. Quoting Ref. No. 9201/27. Fax: 021-333 5119.*

ASTON UNIVERSITY

# Senior Manager for MIDDLE EASTERN INVESTMENTS

## Salary Circa £30,000.00 p.a.

An Arabic and French speaking Manager is required to be responsible for supervision of Middle Eastern clients gas and oil investments worldwide.

Must have a Degree qualification and over three years previous experience of working in the financial/oil sector, and first hand experience of portfolio management coupled with a strong knowledge of the business methods and culture of the Middle East.

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149 Old Park Lane, London W1Y 3LN
Tel: 071 493 3245

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A top-rated European bank, long established in London, currently seeks an experienced Correspondent Banker to maintain, service and develop an established relationship portfolio. Suitable candidates aged c30 will have a background of 3/4 years similar responsibilities with a major continental or North American bank.

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Due to continued expansion of a specialist credit team a highly regarded European bank seeks an additional Documentation Assistant. Largely in a support role the responsibilities will involve drafting documentation, assisting credit management to structure collateral, checking conditions precedent prior to drawdown plus extensive internal and external liaison.

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Following the expansion of business a leading European bank seeks applicants aged 25-29 offering a minimum two years bank experience in a project finance department plus graduate and/or ACIB qualifications and PC literacy. The duties will include general risk analysis, evaluation of new proposals and preparation of applications.

*For further details, please contact Frank Hoy either by telephone or in writing*

**Spot Dealer** to £75,000

A major international bank currently seeks to recruit a senior individual with solid experience trading either spot Yen or Deutschmark/Yen. The ideal candidate aged 27-34 will have traded the above currencies for a minimum of two years and be currently employed at an active trading institution.

**OBS Dealer** to £40,000

A Sterling FRA/Futures dealer is currently sought by our client a well regarded European bank. Applications are invited from candidates aged 25-32 who possess at least two years experience trading Sterling FRA's and Futures together with a stable career record.

**Spot Dealer** to £55,000

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**Currency Options Dealer** £ neg

As a result of expansion this well regarded European bank currently has an opening for a currency options dealer. The ideal candidate will possess a minimum of two years experience trading in this market and be seeking a role where they are able to trade strategically on a proprietary type basis.

**Corporate Dealer** to £40,000

Our client, an established City based international bank currently seeks to recruit a corporate dealer. The ideal applicant aged 26-30 will possess a sound knowledge of Foreign Exchange, Treasury and Off Balance Sheet instruments together with proven marketing skills.

*For further details, please contact Steve Cartwright either by telephone or in writing*

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*Gordon Brown*

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# HUNGARY

# Corporate Finance Manager

Our client is a market leader in privatisation and the development of corporate finance business in Central Europe, providing an advisory service for a range of clients in Hungary as well as in Poland, Czechoslovakia and the former East Germany.

As a result of continued expansion, this prominent investment bank wishes to recruit a corporate finance manager to work in its Budapest office. As part of a small and specialist team, he/she will be acting as advisor to Hungarian entities on privatisation issues, and major foreign companies investing in Hungary.

It is envisaged that the successful candidate will be aged between 28 and 35 with a legal or accountancy qualification and/or substantial experience in merchant banking/corporate finance. Experience of privatisation work would be an advantage. He/she must also be willing to re-locate to Hungary for a minimum of three years and should preferably be fluent in Hungarian.

The position offers the opportunity to join a first rate organisation working in a rapidly changing and developing economy which promises to be of major importance in the next decade and beyond.

Salary will be commensurate with experience. The package will reflect the expatriate nature of the role and will include relocation expenses.

*Interested candidates should contact Jane Hayes at BBM Associates Ltd (Consultants in Recruitment) on 071-248 3653 (0763 208728 evenings/weekends) or write, sending details to the address below. All applications will be treated in the strictest confidence.*

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The Society upholds a clean air policy for the comfort and safety of staff. Accordingly smoking is prohibited on its premises.

If you'd like to move into a strategic role in one of the most important and expanding areas of our business, please send your full c.v., to arrive by 23rd January 1992, to: Mr Pat Turner, Human Resources Consultant, Nationwide Building Society, King's Park Road, Moulton Park, Northampton NN3 1NL.

Nationwide

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## *c £25,000*

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Having created an environment which thrives on innovation, our UK base has grown rapidly in the past five years. Your part in our continuing success will be to ensure that our Global Custody operation runs at optimum efficiency.

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It's a role that demands high-level technical and managerial skills, as well as the ability to lead and motivate some thirty staff. Your minimum five years' experience in stockbroking/banking and Global Custody – including work in Settlements, Corporate Actions and Dividends – must therefore be matched by your proven ability as a team builder.

Naturally, we offer all the usual banking benefits. But you'll also have the satisfaction of putting ideas and projects into action – and of shaping the future of one of the world's foremost financial institutions.

To apply, please send your cv stating current salary to Carol Butler, State Street Bank & Trust Company, One Canada Square, London E14 5AF or telephone her on 071-416 2500 for further information.

State Street

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**Requirements:** The incumbent shall have a recognised masters degree in economics and at least fifteen years experience in economic research specialising in international commodity trade. Familiarity with personal computers. Ability to interrogate international data-base systems is essential. Excellent English, both written and spoken; knowledge of at least another UN language is desirable.

**Salary and benefits:** The Fund offers a competitive tax-free salary and other benefits of international civil service including reallocation, cost of living adjustment, family allowance, medical and insurance contributions.

Letters of applications in English, including a detailed curriculum vitae, should be received not later than 29 February 1992 and should be addressed to:

The Managing Director, Common Fund for Commodities,
Atrium, Stravinskylaan 3097, 1077 ZX Amsterdam, The Netherlands.

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Salary will be negotiable according to expertise, but of greater interest to the right candidate is the potential for both profit related bonuses and equity ownership in the company.

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The successful candidate must have entrepreneurial flair and have the ability to develop in line with the anticipated growth and development of the Firm.

Ideally, candidates should be aged between 35 and 45, and have at least three years' experience in working in a senior managerial capacity within the Treasury function of a firm of Stockbrokers. A good understanding of the short and longer term implications of TAURUS, Rolling Settlement and DVP may prove useful.

Interested candidates should send or fax their CVs, quoting current salary to Carol Jardine at MCW Associates Ltd, Communications Centre, Thames Wharf Studios, Rainville Road, London W6 9HA Fax 071-381 6217.

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Technimetrics Inc.
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Candidates must be computer literate and have a working knowledge of U.K. Stock Exchange settlement procedures. Apply enclosing CV to **Miss P Ashford, Arbuthnot Fund Managers Ltd, Garrard House, 31 - 45 Gresham Street, London EC2V 7DN.**

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The benefits package will include subsidised house loan, profit sharing and non-contributory pension scheme.

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Attractive Financial Terms and prerequisites will be offered

ACCOUNTANCY COLUMN

# Institute declares war on its growing deficit

By Andrew Jack

DEEP IN the recesses of Moorgate Place in London, home of the Institute of Chartered Accountants in England and Wales, there is a metaphorical sound of clanking. Council members are clambering into suits of armour as they prepare for battle.

After six years of timidity, the decision-makers are gearing up for a spring offensive against the critics in their own ranks. They say they need a substantial rise in subscriptions to preserve and expand their activities.

As news has trickled out from the council's annual "conference" in Birmingham last weekend, it emerged that there had been unanimous approval for an increase. Proposals to go before members at their special meeting in June suggest rises in all fees charged for 1993 except those for retired members.

The principal changes are a £15 rise in the annual subscription to £115 for UK and other EC members of more than five years' standing, with further rises of 12.5 per cent above inflation for the following two years; an increase in practising certificate fees from £36 to £50, with similar rises over the next two years; and a jump in the admission and re-admission fees from £178 to £285 from the beginning of next year, and to £400 from the start of 1994.

"The institute really cannot continue to have annual deficits," Mr Ian McNeil, the president, warned in a statement on Monday. "Without substantially increased funding, the only alternatives would be to cut essential services to members and to reduce our activities."

Mr Andrew Colquhoun, secretary and chief executive, said on Monday that the institute is likely to reveal a deficit of £200,000 for the year to December 31 1991 when audited figures are released in March, and projected a deficit of £500,000 for 1992. That comes on top of a deficit for 1990 of £633,000.

It might seem ironic that the professional association for chartered accountants was not able to balance its books in 1990, and does not anticipate doing so for the following two financial years. But Mr Colquhoun has a series of responses that are by now well-oiled.

"There is nothing unique in our financial problems," he says. "At their root is the fact that our rates are very low in real terms. The Chartered Accountancy qualification offers a cachet with considerable advantages, for a price comparable to membership of a golf club."

Other accountancy bodies in the UK and abroad are struggling with similar deficits, he argues. So are the equivalent bodies in other professions, which often charge more (£380 last year for the Law Society). Members of the Scottish and Irish accountancy institutes pay more than their English and Welsh counterparts.

While revenues have remained static, the recession has started hurting the commercial activities of the institute, particularly the publications division. Money from recruitment adverts has declined sharply, for instance, and Mr Colquhoun predicts it will not pick up again until well into 1993.

At the same time, operating costs have continued to rise. ICAEW's obligations to support stronger financial reporting standards (such as its contribution to the Accounting Standards Board) and its international commitments have stretched existing budgets.

"We can axe people or services but there is an impact on what is provided," he says. "We cannot have a situation of continuing deficits. More discretionary activities of direct benefit to our members may be squeezed out. But we must continue to properly fund our public interest commitments."

**It might seem ironic that the professional association for chartered accountants was not able to balance its books in 1990, and does not anticipate doing so for the following two years**

The council has held back from proposing a large increase in subscriptions since 1985, when it was defeated by just 0.2 per cent in a vote of all members. It estimates that the decision cost it £6.4m in foregone revenue up till the end of last year.

Now they are ready for a new fight. "I believe we have a much better campaign this time," says Mr Colquhoun. In 1985, he says there was hardly any argument put forward by the council for a substantial rise. Last autumn, by contrast, the case was put forcefully in an eight-page discussion paper sent to members called "Financing the Institute".

The result has been one of the largest mailbags the ICAEW has ever received on an issue. While those who write are not a representative sample, officials draw comfort from the fact that about half the correspondents have supported the council.

Nevertheless, there are serious concerns voiced by members about the need for an increase, or wider doubts about the direction of the institute and the services it provides that have been stoked by the suggestion of bigger subscriptions.

One view is that the ICAEW neglects parts of its constituency, pandering to the larger accountancy firms while offering relatively little to smaller practitioners or those outside practice. Others suggest that with an increasing range of powerful independent bodies regulating aspects of the profession – such as the Accounting Standards Board and the Audit Practices Board – its importance is waning.

A meeting at the institute last year drew a parallel with the medical profession, which has two separate bodies: the General Medical Council, which regulates the profession and disciplines its members, and the British Medical Association, which represents doctors' own professional interests. The ICAEW, some suggest, might have to move in that direction to survive.

There are more direct concerns about costs relating to the subscription increase as well. The ICAEW currently employs about 460 staff, a significant number by any standards and an increase on last year, although arguably low as a proportion of all members.

External consultants have scrutinised different departments for efficiency and have concluded, the ICAEW says, that each offers value for money and some are significantly under-resourced. The corollary, of course, is that they have failed to identify areas for savings.

How the fees are structured also raises questions. The larger firms and businesses often pay the annual subscriptions of members they employ, while others, including many sole practitioners, have to pay the fees from their own pockets. The ICAEW sees no way of being able to distinguish different fee levels for the two approaches.

"At least they have given us a lot of information on the reasons for the increases this time," says Mrs Jane Gillbe, a sole practitioner from Surrey. "But I think they have spent too much on glossy brochures to explain it. I can sympathise with them, but they should not have let themselves get into such a mess. I don't believe I should have to pay the increase."

She decided not to incur additional fees by registering as an auditor last year. But she does use the institute's library, and finds the services provided by its tax faculty useful. In a sense, she is trapped. While she could potentially practice as a tax consultant without being registered as a chartered accountant, she says she will not resign. "I think my clients respect the chartered accountancy qualification and the ethics that go with it."

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A young qualified accountant, ideally aged 27-35, with good commercial skills, you will have a hands on approach and a firm belief in teamwork. Experience of multi currency transactions and working in an international trading environment would be a distinct advantage. A board appointment is envisaged in the short/medium term.

Please send full personal and career details including current remuneration level and daytime telephone number, in strict confidence to Angela McDermottroe, Coopers & Lybrand Deloitte Executive Resourcing Ltd., Richmond House, 1 Rumford Place, Liverpool, L3 9QS quoting reference 252AM.

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SOUTHERN ELECTRIC — Price Waterhouse

EXECUTIVE SELECTION

# Head of Corporate Financial Planning

## A key reporting & investigatory role

**c. £40,000 plus car and bonus** — **Maidenhead**

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This is a wide ranging and demanding role. Monitoring on-going performance; analysing company-wide trends; making presentations to and advising senior group management; financial appraisal of potential acquisitions; preparing investor relations material; evaluating capital expenditure proposals; providing input to our corporate plans; — and more.

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Make no mistake — this is no static role. We need a strong lateral thinker with vision — possessing the self-confidence, cutting-edge, drive and ability to "take charge" — indicative of someone who will make a significant impact on our ability to monitor and run our business. In return, progression within our operation is wide open — restricted only by your personal hunger and ambition.

Write, quoting reference H/1223/FT enclosing a full CV and salary details to our advising consultant, Hamish Davidson. Tell him why and how you would make a difference and the extent to which you could successfully take on and develop all the varied aspects of this role.

Executive Selection Division
Price Waterhouse
Management Consultants
Milton Gate, 1 Moor Lane
London EC2Y 9PB
Tel: 071-939 6312
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Please apply directly to Collette Harrison at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R OBR. Telephone: 071-836 3545. Alternatively, fax your details on 071-836 4942.

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# Management Accountant

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Our client is a leading, progressive City law firm which provides the full range of legal services to a prestigious UK and overseas client base. Recognising that its reputation for excellence is built not only on professional expertise but also on the quality of its business support functions, the practice wishes to recruit a management accounting specialist to complement the skills of its existing accounts team.

Reporting to the Financial Controller, you will prepare monthly management accounts, conduct profitability and variance analyses, prepare budgets and be responsible for the development of innovative management reporting procedures.

You are a graduate qualified accountant with sound experience of modern management accounting techniques in a commercial environment. Familiarity with computerised systems and spreadsheet applications is essential. Your personal attributes include sensitivity to the nuances of a partnership culture, together with the interpersonal skills to establish credibility at all levels. However, previous experience in a professional practice is not necessary.

Please write in confidence, enclosing full career details to Tim Knight quoting reference C2739/7.

KPMG Selection & Search
2-3 Dorset Rise, Blackfriars, London EC4Y 8AE

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# Senior Manager Forensic Accounting

**City** — **c £50,000**

Robson Rhodes are a leading medium sized practice which has taken a visionary and positive lead in restructuring core activities. We concentrate on quality niche services which provide significant added value. We are enjoying significant growth in these premium services. Through being innovative, highly skilled advisers and encompassing a thoroughly commercial attitude we have developed a strategic business with the goal of providing a total quality service to clients.

We now have a requirement for a Senior Manager to join our forensic accounting unit to work on professional negligence claims, resolution of commercial disputes, international fraud investigations and expert determinations. The unit enjoys an exceptionally high profile within the firm with substantial senior partner involvement. It has grown substantially in recent years through this commitment particularly with the winning of new assignments on a regular and consistent basis.

Ideally you will be a Chartered Accountant with the ability to communicate across accounting, legal and insurance disciplines at the highest level. With first class presentation skills and a penchant for key detail, you will need to be highly organised and able to meet strict deadlines. The role will be based in London but will involve travel and responsibilities throughout the UK and overseas.

Salary will be commensurate with experience, potential, and ability.

For further information or to arrange an initial meeting please call **Charles Ferguson** or **Chris Nelson**, our retained consultants, at **Michael Page Finance on 071 831 2000, or write to them at Page House, 39-41 Parker Street, London WC2B 5LH.**

ROBSON RHODES
Chartered Accountants

# CHIEF ACCOUNTANT

**c.£28,000 + car** — **Cheshire**

This leading European chemicals, pharmaceuticals and metals group has substantial and expanding UK operations, and now seeks to appoint an experienced accountant to strengthen its financial expertise. Managing a team of twelve, your responsibilities will include all aspects of financial and management accounting, including the preparation of accurate and timely monthly management and annual statutory accounts, pay roll and credit control.

Professionally qualified, you will have sound commercial experience together with excellent communication and man-management skills. The ability to work with a high level of autonomy and to tight deadlines is essential, and candidates should also be capable of developing into a more senior role in due course.

To apply please send cv indicating current salary to: Bethan Keirl, Ref: 5500/BK/FT, PA Consulting Group, Fountain Court, 68 Fountain Street, Manchester M2 2FE. Tel: 061-236 4531.

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# PENTOS

## Corporate Finance / Systems Development

**MBA/ACA** — **28 - 35** — **c. £55,000 + Bonus, S. Options, Car**

Pentos is the UK's leading specialist retailer of books, posters, prints, greetings cards and commercial stationery, trading from over 400 outlets through a powerful portfolio of brands which include Athena, Dillons, Hatchards and Ryman. Group activities also include a well established and profitable office furniture division.

Despite the adverse economic climate, this dynamic group has achieved outstanding growth through a selective strategy of organic and acquisitive expansion and it is well placed to maintain this impressive record.

There is a need for an outstanding individual to create, develop and coordinate strategic initiatives within the group. Based at the group's Head Office in London, responsibilities will include:

- Evaluation and appraisal of strategic options, including acquisitions, disposals and other business ventures;
- Ensuring group management information systems are developed in order to maintain and enhance competitive advantage;
- Working on a project basis on a broad range of commercial and financial matters.

Candidates must have at least four years corporate development experience, preferably within a consumer-oriented environment, and be familiar with advanced evaluation techniques. Well-developed computer modelling skills and knowledge of state of the art information systems are also essential. A sharp intellect and strong commercial acumen, together with excellent presentation skills, are vital to succeed within this fast-moving environment.

Interested applicants should write to James Hyde at the address below, enclosing a detailed CV, and quoting reference number 097J.

ST. JAMES ASSOCIATES

MANAGEMENT SELECTION

32 Old Burlington Street, London W1X 1LB Fax: 071-287 2821. Telephone: 071-287 2820.

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**ESSEX** — **c £50,000 + CAR**

# Group Finance Director

With turnover approaching £30m, our client is a well established provider of services in the air transport industry. Sales and profits have significantly increased despite the current recession, as a result of positive marketing and cost containment, underpinned by long term contracts from blue chip companies.

As Finance Director you will be one of the three top executives in the group. Major aspects of your role will be ensuring the provision of quality management information to enhance decision making; raising finance to support continued growth; and supporting managing directors in contract negotiation.

A qualified accountant, you will be already at board level in industry. Previous exposure to aviation, engineering or a contract based activity will be a plus.

Please send full personal and career details in confidence, including current remuneration level, to Edward Simpson, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference ES888 on both envelope and letter.

Coopers &Lybrand Deloitte | Executive Resourcing

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**CLARKS CHARTERED ACCOUNTANTS**

We are seeking a young Chartered Accountant with good all-round training and at least one year's experience of insolvency.

The successful candidate will be required to carry out a range of assignments including corporate recovery and insolvency.

The firm currently has three insolvency licensees and the applicant will be expected to obtain the necessary qualifications to become licenced.

Apply in writing with full C.V. to:-

Cippenham Court,
Cippenham Lane,
Slough SL1 5AT

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# Management Accountant

**London SW1**

**c£33,000**

Our client is a small quoted UK oil and gas group. Since its incorporation three years ago it has built a UK and International portfolio of exploration and production assets.

As a result of its rapid expansion and to meet its future plans, there is now an immediate requirement for a qualified accountant to join their small, professional team.

Reporting to the Finance Director, the role will encompass budgeting, planning, financial and management accounting. The successful candidate will become involved in PC system developments, cash management and taxation.

Candidates should be qualified accountants who feel that they could make an immediate contribution in a demanding environment. Previous oil industry experience is desirable but not essential.

Interested candidates should send a curriculum vitae quoting ref: 568 or telephone:
Nigel Hopkins FCA,
97 Jermyn Street, London SW1Y 6JE.
Tel: 071-839 4572
Fax: 071-925 2336

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

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# Computer Audit Manager

*Recently Qualified ACA –*
*Tackle the systems behind the success.*

*Circa £35,000 + Car + Financial Sector Benefits*
*Chatham, Kent. Relocation Package Available*

Black Horse Financial Services, a subsidiary of Lloyds Abbey Life plc, with over £1 billion under investment, is one of the fastest growing life and pensions groups in the country. Our continued growth, and our plans for expansion, have given rise to the need for a Computer Audit Manager.

This is a new position, reporting to the Chief Internal Auditor and the wide ranging brief will include establishing a computer audit function, preparing and developing audit standards and plans, managing and controlling computer audits, and the recruitment, training and development of staff.

Applicants should be graduate chartered accountants who having qualified within a large firm environment, have gained at least two years relevant post qualification experience either in the profession or a major commercial organisation. While financial services and IBM mainframe experience would be desirable, of far greater significance will be your well developed commercial and interpersonal skills. This is a genuinely high profile role requiring applicants who can market both themselves and their department within the Company, and exploit the many opportunities for career development.

In return for your commitment, professionalism and talent, we are offering a benefits package that includes a quality company car, a mortgage subsidy, other large company benefits and if required a relocation package.

For further details and to arrange an interview, please contact our consultant Adrian Simpson BSc ACA, at Barclay Simpson Associates, Hamilton House, 1 Temple Avenue, Victoria Embankment, London EC4Y 0HA. Telephone 071-936 2601.

Black Horse Financial Services

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**TROUBLE SHOOTER**

**Wokingham, Berks** — **£31,000 car**

Career oppor. for a qualified acct (<35) from ind. or the prof. to join a diverse PLC with interests form hi-tech manuf. to insurance. Duties embrace the fin. mngt. of European subs., acquisitions, group accts & some operational auditing.

**CHIEF ACCOUNTANT**

**Eastleigh, Hants** — **£30,000 car**

A household name electronics group seeks a qualified acct (<45) to develop a key division. Controlling a staff of 15, mngt/fin accts, contract costing, project control & systems development will be major duties.

**MANAGEMENT ACCTS.**

**Crawley/Harlow/Luton** — **£27,000 car**

Multinational manufacturer of engineering products seeks three qualified accts/finalists (<38) at the above locations, to be responsible for major projects. Full relocation package available.

**MANUFACTURING ACCT.**

**Brentwood, Essex** — **£27,000 car**

Our client have won a maj. export order and thus seeks an additional qualified acct/finalist (<37) to be involved with the preparation of mngt. accts, costing and systems development. Some travel to Europe.

**IN BRIEF**

| | | |
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| Commercial Manager | Munich (Fluent German) | £45,000 car |
| Computer Auditors (x2) | Reading & St. Albans | £35,000 car |
| Audit Mngrs Europe (x2) | Windsor & Winchester | £30,000 car |
| Mngt. Accounts Mngr (x2) | Amersham & Swindon | £30,000 car |
| Manufacturing Acct | Bexhill | £30,000 car |
| Oil Accountants | W. End | £27,000 |
| Newly Qualified | Basingstoke | £25,000 car |
| Construction Acct | Bracknell | £24,000 car |
| MOD experience | Several locations | £ Nego. |

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# Accounts Manager

## Where Innovation is Fully Appreciated

**c£27,500 + car**

**Manchester**

With our electronics products at the forefront of their market segments, an enviable growth curve and an unyielding commitment to excellence, our name has become synonymous with innovation. A quality we also look for in our people. To succeed as Accounts Manager in this dynamic arena, you'll need the vision and creativity to play a pivotal role in our financial success.

We now have an opportunity for an Accounts Manager and are looking for an ambitious accountant with the talent to take on a broad-based, pro-active role.

Reporting to our Financial Controller, your role will be to manage and co-ordinate our accounts function which spans 14 profit centres, and to actively contribute to financial growth. More specifically this involves, managing and preparing timely reports, initiating investigative reports and extensive liaison with external organisations.

A fully qualified accountant with at least 3 years' post qualifying experience gained in a commercial environment, you must have first-hand experience of implementing and developing sophisticated computerised accounting systems. In addition, you'll need well-honed communication and interpersonal skills to enable you to inspire the confidence and co-operation of your own team, as well as colleagues in other functions.

We will reward your professionalism with an excellent salary and the kind of benefits you would expect from a company of our standing, including fully expensed company car and BUPA.

In the first instance please write or telephone for an application form to: David Wakefield, Personnel Manager, Sharp Electronics (UK) Ltd, Sharp House, Thorp Road, Newton Heath, Manchester M10 9BE. Tel: 061-204 2462 (Direct Line).

SHARP

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# THE PHILHARMONIA

## FINANCE DIRECTOR

***West End*** — ***Package c.£35,000***

London's leading orchestra has established an enviable reputation both nationally and overseas. With a well-defined strategy for continued development, they seek to strengthen the management team through the newly created appointment of a Finance Director.

Reporting to the Managing Director, the position will encompass responsibility for the effective management of the finance and administrative functions. Particular emphasis of the role will be:

- to provide timely and accurate financial and management information, ensuring sound analysis and reporting standards
- to continue the development of computerised accounting and management information systems
- to be responsible for efficient management of the office and personnel functions

Candidates will be computer literate, qualified accountants with a successful record as an innovative financial controller in a small company environment. Commercial awareness and maturity will be essential characteristics together with excellent communication skills and the ability to adopt a diplomatic, yet authoritative approach.

Full c.v. should be sent to:
Sue Sheriiker
Baker Tilly Management Consultants
22-24 The Courtyards,
Croxley Centre, Hatters Lane,
Watford, Herts. WD1 8RR

MANAGEMENT CONSULTANTS
BAKER TILLY

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# CORPORATE FINANCE EXECUTIVE

**London** — **27 +** — **25-40k + car**

We are a leading corporate finance boutique advising acquirers and vendors on deals worth between £2 million and £50 million. To meet increasing demand for our services, we need to recruit another executive:

- a graduate and probably either a qualified chartered accountant, lawyer or MBA
- with at least twelve months' experience in acquisitions and disposals, gained working for a quoted group or a corporate finance department in the City
- keen to work in a demanding, entrepreneurial and meritocratic environment, which offers rigorous training and opportunities to earn promotion and high financial rewards

Please send your CV, details of your present salary and a daytime telephone number to
Barrie Pearson, Livingstone Fisher Plc,
Acre House, 11-15 William Road, London NW1 3ER.

LIVINGSTONE FISHER

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A Major European Group, with a US Parent, seeks talented qualified financial professionals to fill key positions in Europe. The Group has expanded successfully and rapidly in recent years with manufacturing operations in five european countries.

## FINANCIAL CONTROLLER - ITALY

Based initially at the manufacturing operation near Rome, the Financial Controller will play a full role in the management of the company. Knowledge of Integrated Cost and Manufacturing Control Systems is necessary, together with a practical approach to problem solving. Prior career experience should include US GAAP reporting, Treasury Management and Business Planning. The Controller will report to the local General Manager and should be fluent in Italian. Age should be mid/late thirties with at least ten years senior financial management experience.

## GROUP CONSOLIDATION - BELGIUM

Based at the European HQ in Brussels, this position manages the consolidation, analysis and interpretation of Group performance. Reporting directly to the Group Controller, the successful candidate will travel extensively in Europe and participate in a wide range of issues affecting financial performance. Experience of US GAAP and Data Base Management is necessary. With a minimum of five years post qualification experience, candidates should be fluent in English and at least one additional european language.

Salary and benefits for each position will be commensurate with candidate experience and the respective responsibilities of each position. Assistance with relocation will be provided where necessary.

Please reply with full career details and recent salary history to Box A1732, Financial Times, One Southwark Bridge, London SE1 9HL

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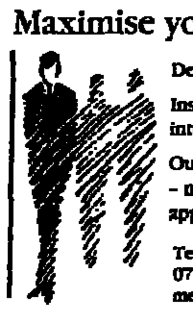

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**FINANCE DIRECTOR**

**Required for**

**LEICESTER BASED ENGINEERING COMPANY**

Our client is a profitable Leicester based engineering company which has shown considerable growth and expansion over the last few years and now requires an experienced Finance Director to manage its financial and internal accountancy department. Applicants should be between 30 and 45 years of age and ideally should live in the Leicester area. Salary and benefits negotiable.

Please apply in writing to:
Richard F. Messik FCA, Bellman Messik,
Chartered Accountants, 6th Floor Winchester House,
259-269 Old Marylebone Road, London NW1 5RA

# FINANCIAL CONTROLLER

## AT THE LEADING EDGE OF THE NEXT STEPS INITIATIVE

**Central London**
**c.£40,000 + performance pay**

The Government's *Next Steps initiative has resulted in* fundamental and far-reaching change in many parts of the public sector, with many new organisations being formed and long-entrenched attitudes replaced by a new service-orientated regime. This trend is underlined by a firm commitment to the principles of Total Quality Management.

Owing to an internal restructuring in response to these radical changes, this leading service provider is strengthening its central senior management team with the addition of a high-calibre finance professional.

Reporting to the Director of Finance, you will have total control of this major organisation's finance function, including a significant new systems development. Managing a substantial team, you will be responsible for the production of all financial and management accounting information, including budgeting and planning, and will ensure that financial systems and procedures are sufficient to achieve the Total Quality objective.

A fully qualified accountant, probably in your 30s or 40s, you will have an impressive record of running the finance function of a large organisation and leading a large team. Knowledge of cash accounting is mandatory and equally important will be your ability to manage change and contribute to the evolution of this dynamic organisation. Experience of the public sector would be useful.

To apply, please send a full cv, indicating current salary, to Patrick Johnson, Ref: 5606/PJ/FT, PA Consulting Group, 123 Buckingham Palace Road, London SW1W 9SR.

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# Financial Controller

**Humberside** — **to £45,000, car, benefits**

Decentralisation of c.£560 million turnover division of FTSE 100 plc creates requirement for progressive finance professional. Key role in establishing c.£165 million turnover 'profit-centre' business unit.

**THE ROLE**

Develop independent accounting structure to enhance financial controls and evaluate business performance. • Strengthen systems to improve reporting capabilities, management information, and maximise profitability. • Key member of management team with full involvement in development of business unit's strategic direction and general management.

**THE QUALIFICATIONS**

Qualified Accountant. Aged 33-38. Previous experience of f.m.c.g. environment, preferably food and drink, with major multiple retailer contact. • Excellent man manager, communicator and team player. Persuasive and action-centred style that achieves results. • Track record of successful implementation of profit improvement programme in sophisticated manufacturing environment.

Please reply in writing to Townsend House, 30 Monkgate, York, YO3 7PF enclosing a full curriculum vitae and quoting Reference RBH 1006. Telephone: 0904 670648 Facsimile: 0904 611079

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# EUROPEAN SYSTEMS ACCOUNTANT

**Circa £30k plus car** — **Ashford, Middlesex**

*Headquartered in California with a European Head Office in the UK and seven European operating subsidiaries, Informix is one of the world's leading software companies. With the increasing penetration of open systems, we expect significant sales growth for our advanced relational database management software and tools throughout Europe, the Middle East and Africa.*

*The quality of our internal systems is a major factor in our ability to control and understand our business as it grows. Interfacing with systems written primarily with our own software, we are now standardising on Chameleon for our accounting systems throughout Europe.*

*To lead the continuing development of our accounting and other financial systems we now need to recruit a key player for our European finance team. Using our leading-edge graphical technologies and established software tools, you will be responsible for the preparation of incisive presentation material for senior management, as well as analysis, control and exception reports.*

*You are likely to be a qualified accountant, but demonstrable experience of systems implementation and development is the most essential requirement. Knowledge of US GAAP and European accounting practices is desirable, as are a sense of humour and the ability to work to tight deadlines. The role will involve a significant amount of European travel.*

*If you have the right profile and want to join a winning team please contact our Recruitment Consultant* ***Adrian Hardy*** *at* ***Marketing Moves*** *on* **0932 253352** *(during office hours) or* **0932 224766** *(eves/weekends). Alternatively fax or send your CV to him at* ***Marketing Moves,*** *Romulus House, Church Road, Shepperton, Middlesex TW17 9JT quoting reference 421. Fax 0932 228886.*

*Third party applications should be directed to* ***Marketing Moves.***

INFORMIX®

# FINANCE DIRECTOR

*London W6*

*up to £40,000 plus benefits*

Orbis Publishing Ltd is the £35 million turnover UK subsidiary of the US$600 million turnover De Agostini publishing group. The group is the world's leading publisher of partwork magazines and Orbis is a major part of the partwork division being responsible for publishing in the UK, German, Japanese and many other markets.

These multi-market operations are controlled from London and there is now a need to appoint a Finance Director to manage the financial affairs of this complex operation and to continue the development of the sophisticated systems that are required. Reporting directly to the Managing Director, the right candidate is likely to be a qualified accountant in his or her thirties and will be able to demonstrate both the necessary experience and maturity to carry out this important role effectively. In addition, he or she must be able to demonstrate from the start that they possess the ability to fully participate in the wider general management of the business.

Knowledge of the publishing industry is not essential but experience of international operations, taxation and currency management would be very valuable as would reasonable fluency in a European language. Similarly, it is expected that a candidate at this level would possess the inter-personal and negotiating skills necessary to handle relations with bankers and professional advisers and the effective man-management of the finance department which is small but consists of a number of qualified and experienced personnel.

If you believe you meet the criteria of this demanding position, please apply in writing enclosing a curriculum vitae to;
**The Managing Director,**
**Ref LJ,**
**Orbis Publishing Ltd,**
***Griffin House,***
**161 Hammersmith Road,**
**London W6 8SD.**

ORBIS

# FINANCIAL CONTROLLER

IMI Capital Markets (UK) Ltd plays a major role in the international operations of Istituto Mobiliare Italiano (IMI), one of the leading Italian financial services groups. The company arranges and participates in Euromarket transactions and, through its subsidiaries, actively trades International Equities.

The successful candidate will be responsible for the running of the accounting department reporting directly to the Chief Financial Officer.

The company provides a non-bureaucratic, pro-active, team orientated environment, and applicants should possess relevant post-qualifying hands-on experience, sound analytical and systems knowledge coupled with good communication skills, knowledge of SFA regulations and a strong academic background.

A generous starting salary is on offer together with outstanding benefits including subsidised mortgage, car and bonus.

Interested candidates should send a full curriculum vitae, including salary details and photograph to:

**Mrs M McGurk**
**Personnel Manager**
**IMI Capital Markets (UK) Ltd**
**Walbrook House**
**23-29 Walbrook**
**London EC4N 8BB**

IMI CAPITAL MARKETS UK

CONSULT

# FINANCIAL CONTROLLER

**c £35,000 + car**

**Sussex**

Our client is a highly successful subsidiary of a well established international group and a market leading manufacturer of electronic control systems and instrumentation for the chemicals, oil and processing industries. Product excellence and the ability to provide 'tailor made' systems solutions have ensured an outstanding reputation with an expanding worldwide customer base.

Participating at board level, this important position offers you the opportunity to be a high profile and influential member of a highly motivated management group.

Leading a competent team you will be responsible for all aspects of the finance function including the provision of financial and management accounts, reports, budgets and forecasts. Proactive involvement in all business spheres will be essential as you will closely advise managers with regard to contract terms, pricing strategy and the financial impacts of their own operational areas.

Aged around 30 to 35 and fully qualified, you are systems literate with demonstrable business acumen and managerial skills gained within a manufacturing, engineering or electronics environment. You are aiming to be a Finance Director within 3 to 4 years.

Please contact Richard Warner at CONSULT, Atlas House, 17 London Road, Hindhead, Surrey GU26 6AB. Telephone: 0428 606797 during office hours or 0252 724671 out of office hours (Fax: 0428 607198).

# *Accountant – Lincoln's Inn*

**London WC2**
**to £35,000**

The Honourable Society of Lincoln's Inn is one of the four Inns of Court, providing accommodation, educational and dining facilities to Barristers who are members of the Inn, and students. Revenue is derived from various sources, in particular property rents and catering facilities including outside functions.

Reporting to the Under Treasurer, the Accountant will assume overall responsibility for the efficient running of accounting and financial reporting activities, including the implementation of a new computer system. Emphasis is placed on increased financial awareness through communicating accurate and timely reports, especially in key commercial areas of property, catering and refurbishment projects.

You will be a Chartered Accountant (aged 30-40) with systems implementation experience, who thrives on involvement in day-to-day accounting matters. Presentational skills are also important as you will be required to attend and report at the various Committees of the Inn.

*Please reply in confidence to:*
*Jeff Adcock or Ben Colman,*
*Clark Whitehill Consultants Limited,*
*25 New Street Square, London, EC4A 3LN.*
*Telephone 071 353 1577, Fax 071 353 0525.*

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# GROUP FINANCE DIRECTOR

## QUOTED PLC

***South East*** — ***c £60,000 + Full Executive Package***

*This fully quoted Pan European Sales Organisation is recognised as a leading supplier of specialist industrial engineering products.*

*It seeks to appoint a top flight group finance director to join the senior management team and help ensure the successful implementation of an ambitious development plan.*

*Reporting to the managing director and the board, the finance director will be responsible for the smooth running of the entire group finance and treasury functions including a number of international subsidiaries.*

*A chartered accountant, you will have a minimum of five years post qualification experience, probably gained within a large sales oriented service or manufacturing company.*

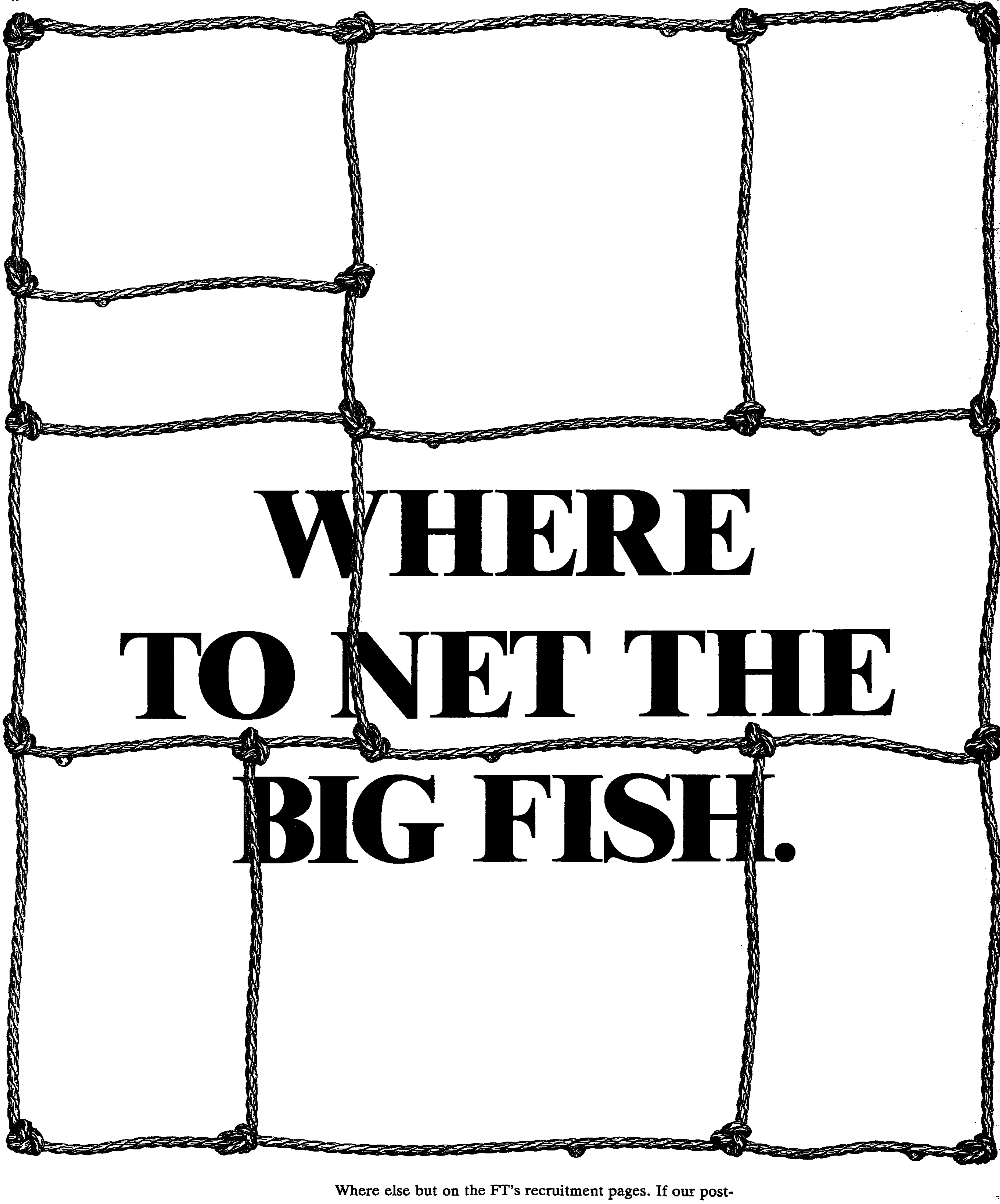
*A 'Hands On' management style coupled with first class interpersonal and motivational skills are prerequisites to be successful within this fast moving and entrepreneurial organisation. European language skills together with the ability to liaise with external advisors and institutions would be a distinct advantage.*

*To discuss this outstanding opportunity further please contact* ***Jonathan Cohen,*** *on 081-954 8166 or fax 081-954 1755, or write to him enclosing a detailed CV at the address below.*

*4 Whitchurch Parade,*
*Whitchurch Lane,*
*Edgware,*
*Middlesex HA8 6LR.*

JP SEARCH AND SELECTION

*Tel: 081-954 8166*
*Fax: 081-954 1755*

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

* Source: EBRS 1991

# FINANCE DIRECTOR

LONDON NW1 — AGE 35-45 — TO £60,000 PACKAGE

This independent media communications company, dominant within the UK and European markets, is undergoing a period of exceptional growth. Commitment to a programme of investment in both people and technology underlies the company's success. Operating as it does in an unusual niche market, opportunities exist for making substantial profits.

This key appointment will assist the Board in the commercial and financial management of the company as it continues to expand. The successful candidate will be a Chartered Accountant with experience of working within both large and small organisations covering all aspects of financial control and with the ability to contribute effectively to the senior management team's objective of maximising profits.

International exposure, particularly with regard to contract negotiations, tax and treasury, is essential as the company operates throughout Europe as the majority partner in several joint ventures. There are plans to establish a presence in three more countries this year and so some international travel will be necessary.

This is an outstanding opportunity for a proven finance professional to join a dynamic management team.

Interested applicants should write or fax brief career details to Richard Parnell at **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.** Tel: 071-379 3333 Fax: 071-915 8714.

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRUSSELS AMSTERDAM PARIS

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OBSERVER

## Financial Accountant

**London £28,000 to £32,000**

First published in 1791, The Observer is Britain's oldest Sunday newspaper. As part of one of the United Kingdom's largest conglomerates, it operates using the latest financial and accounting systems.

A Financial Accountant is now required to take control of the Management Accounts section of five staff. Reporting to the Financial Controller, he or she will be responsible for the production of statutory accounts, regular management accounts, annual budgets and tax computations. Day to day duties will involve liaison with editorial, advertising and production staff.

An accountant is sought with up to five years' post-qualification experience, either in a related industry or from the profession. Candidates must have a knowledge of computerised systems, be able to meet tight deadlines, have the ability to motivate staff and must, above all, have a keen sense of humour.

Interested applicants should forward a comprehensive CV to:
**Mr J Witts, Financial Controller, The Observer, Chelsea Bridge House, Queenstown Road, London SW8 4NN.**

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COLCHESTER INSTITUTE

## Finance Controller

The Finance Controller, as a member of the Senior Management Team, will be responsible for developing and managing the Institute's financial systems and for controlling the £14 million budget. We are looking for a qualified accountant with at least 5 years previous senior management experience.

The Institute is the largest college in Essex, an Associate College of Anglia Polytechnic and one of the largest colleges of further and higher education in the country.

This new position is part of the Institute's preparation for independent, corporate status in April 1993.

We can offer you

- An attractive starting salary around £30,000
- A challenging career move at an exciting time of change
- Relocation assistance

Please send a full c.v. and the names of two referees to the *Director, Colchester Institute, Sheepen Road, Colchester, Essex, CO1 3LL* by 30th January.

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# Leading International Bank

## Computer Audit Manager

London — c £45k + Banking Benefits

This leading financial institution is a major force in international banking, offering a wide range of commercial banking, merchant banking, investment and other related services through its many offices around the world. Following a major strategic review, it is in an excellent position to capitalise on its strengths and achieve further, sustained growth.

A need has now arisen to appoint a capable and experienced individual to head the computer audit function for the UK, Continental Europe and North America.

This important and highly visible role has the following key responsibilities:-

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# Pace of global warming may be less than thought

By John Hunt, Environment Correspondent

THE PACE of global warming – the greenhouse effect - could be 20 per cent slower than originally estimated, according to a report agreed by an international panel of scientists this week.

The revised figures have come from the scientific working party of the Intergovernmental Panel on Climate Change (IPCC). The panel was set up by the UN to draw up climate change figures for next June's Earth Summit on environment and development in Rio de Janeiro.

The new assessment means that the IPCC's original prediction of a 1 degree Celsius increase in global mean temperature by the year 2025 could be delayed until the year 2030.

The revision has largely been made in the light of new studies of the amount of sulphur in the atmosphere which cools the Earth's surface and offsets the greenhouse effect.

But the working party emphasises that there is still great uncertainty on the subject and sulphur may have only a transient effect.

If the amount of sulphur in the atmosphere is reduced by cleaner industrial methods, the pace of warming could speed up. In that event a 1 degree rise could still take place by 2025.

The depletion of ozone in the stratosphere has also offset global warming. Concentrations of other greenhouse gases such as methane from rice paddies and halogens used in fire extinguishers have slowed down.

However the concentrations of other greenhouse gases have continued to grow or remain steady. "The anomalously high global mean temperatures of the late 1980s have continued into 1990 and 1991, which are the warmest years on record," the report warns.

The results do not change the main thrust of the original IPCC 1990 science report, which was described by Mrs Thatcher as "an authoritative early warning which we ignore at our peril".

Global warming, largely as a result of carbon dioxide from fossil fuels – including coal – is still taking place at a rate which threatens the planet with rising sea levels and drastic changes in the weather pattern.

Over 300 scientists worldwide contributed to the latest study, which was completed at a meeting at Guangzhou, China, this week.

# Russians bow under transferred prices burden

## Neil Buckley sees living standards collapse as subsidies end and market forces fail to breach the gap

WHEN Russian president Boris Yeltsin was confronted in the city of Bryansk this week by protesters complaining about the high cost of sausage, he gave the instinctive reaction of a former communist. He accused the manager of the sausage factory of sabotage and ordered his dismissal.

The incident highlights both the depth of unpopularity of the price liberalisation undertaken by Russia and other former Soviet republics earlier this month, and the difficulty of adjusting to a market economy for a people that has known only a state-controlled economy for 70 years.

The price rises have become a national obsession in Russia. This week, they have haunted Mr Yeltsin at every step.

Mr Yegor Gaidar, Mr Yeltsin's deputy prime minister responsible for managing the economy, argues that the move is "unavoidable", to reduce Russia's budget deficit by removing the huge, and ever-growing, burden of subsidies that the government has paid on goods.

"This measure was not adopted because we thought it would lead to a blossoming of the economy or because we thought the shops would be full," he said, "but because, in the present situation, we had no other room for manoeuvre."

Getting that message across to the Russian people, as their living standards plummet, is not proving easy.

**Japan will give Russia and other former Soviet states Y6.5bn through the International Red Cross, foreign minister Michio Watanabe said yesterday, writes Our Foreign Staff.**

**Most of the humanitarian aid would go to Russia to improve supplies of food and medicine. The grants will be disbursed by the end of March and are timed to coincide with a conference to co-ordinate help for the Commonwealth of Independent States in Washington next week.**

**In Lisbon, Mr Roland Dumas, the French foreign minister, called for a conference in Europe to follow up the Washington meeting. Portugal, holder of the EC presidency, said the conference could take place in March or April.**

Mr Valentin Pavlov, then Soviet prime minister, first imposed administrative price rises of 300 to 500 per cent on many goods last April. A fall in production, and panic buying in expectation of further rises, contributed to an inflation rate for the year of 200 per cent.

The combined effect of this and the recent price liberalisation has been that many goods have increased in price by between 10 and 50 times in less than a year. The average wage, meanwhile, has scarcely doubled, although wages were freed along with prices and are expected to rise.

For the first winter since the Second World War, large sections of Russian society are threatened by real poverty.

Under the headline "We are now living as we did 45 years ago, and perhaps worse" the newspaper Nezavisimaya Gazeta this week quoted statistics showing that even before price liberalisation the standard of living in Russia had dropped to 1946 levels.

What the paper calls the standard-of-living index, or the relationship of the average wage to prices for a range of goods, has suffered a four-fold drop in the last two years.

The cost of feeding a family of three children for one day is calculated to have risen from Rbs2 in 1985, to Rbs18.6 in 1991.

Examples of the prices being paid by Russians for basic goods this week are shown in the table. Their severity can easily be appreciated by comparing them with the average manual workers' wage – around Rbs380 a month at the beginning of January.

As the temperature plunged below minus 15 in south-west Moscow this week, 150 mainly elderly people queued in the snow for an hour or more to buy milk at almost 10 times its old price. A little old woman hobbled out of the shop with a jar of smetana (sour cream) for which she had paid Rbs14. Three years ago the same jar cost 27 kopecks – there are 100 kopecks to the rouble.

"It's not worth going shopping with less than 1,000 roubles in your pocket," one woman commented. Another drew grunts of approval from the crowd as she recalled Stalin's time, when goods were cheap and queues were short. "Yes, we lived well under Stalin," she sighed.

The price rises are not confined to basic food or clothes. The cost of a return air ticket from Moscow to London has risen from around Rbs2,000 to Rbs57,000. The economy fare to New York is now Rbs96,000 – or more than 20 years' average wages.

There have, however, been reports from cities such as Yaroslavl and Novosibirsk of prices falling after shops returned goods to the producers because they failed to sell – the first, fleeting signs of market forces.

But ordinary Russians are not the only ones complaining. Some economists – even those who supported market reforms in the Gorbachev era – have been highly critical. Mr Nikolai Petrakov, a former economic adviser to the Soviet president, wrote in Moscow News that it was "obvious that the reform process just begun has not been duly prepared, either methodologically or organisationally... Such experiments demonstrate only contempt for people."

Market forces, the critics say, cannot really start to operate when so much of the old system is still in place. Most state shops must still purchase their wares from appointed "wholesale" centres, or *bazy*. They are permitted to add a mark-up, limited to around 25 per cent, out of which they pay their costs and workers' salaries.

The *bazy* purchase from the producers – such as factories and state farms – who also rake off a limited percentage.

It is, therefore, the producers who bear most responsibility for the level of prices, and until producer monopolies are broken, the scope for price reductions is limited.

There may be some, however. In his speech to the Russian parliament on Thursday, Mr Yeltsin attacked producers for taking excessive profits, sometimes of 200 to 300 per cent. He promised to limit profit margins of enterprises to 50 per cent, and to speed up privatisation.

Mr Gaidar accepts the criticisms of his reform. But he is probably justified in his claim that the need to cut the state budget outweighs all others.

However, price liberalisation is only the first step on a very long road. If it is to travel that road successfully, Russia will need all the help it can get.

**TYPICAL RUSSIAN PRICES THIS WEEK**
**Moscow**

| Item | State shops (In Roubles) | Free market (In Roubles) |
|---|---|---|
| Bread | | |
| White | 1.92 | n/a |
| Brown | 2.10-2.36 | n/a |
| Milk (litre) | 1.95 | 30-50 |
| Butter (kg) | 51 | n/a |
| Eggs (10) | 16 | n/a |
| Sour cream (kg) | 56-84 | 120 |
| Cheese (kg) | n/a | 100-150 |
| Sausage | 69-264 | n/a |
| Beef (kg) | *44 | 60-150 |
| Chicken (kg) | 37-60 | 120-200 |
| Potatoes (kg) | 2.50-4 | 8 |
| Carrots (kg) | 2 | 5 |
| Cabbage (kg) | 4.20 | 15 |
| Apples (kg) | 18 | 50-60 |
| Oranges (kg) | 25-32 | 60-70 |
| Tomatoes | n/a | 80-120 |
| Pasta (kg) | 12 | n/a |

*Average wage: Rbs380 per month. Average pension Rbs342 per month. n/a = item not on sale. * Minced*

# Yugoslav army 'will stay in Croatia'

By Laura Silber in Belgrade

A YUGOSLAV general has insisted the federal army will not withdraw from Serb-controlled regions in Croatia, in contradiction to the United Nations plan for the deployment of peacekeepers there.

General Andrija Biorcevic, commander of the Novi Sad corps of the federal army, swore that Serbs from Croatia would "lie on the roads" to stop the army pulling out of Croatia. Leaders of the federal army and Serbia have backed the peace plan, which calls for the withdrawal of the federal army troops when the UN forces are deployed.

Teams of UN liaison officers yesterday left Belgrade and Zagreb and headed for bases across Croatia, where they will establish communication links between federal and Croat troops. The UN says it will not deploy the planned force of 10,000 peacekeepers until there is a stable ceasefire. Croatia and the army yesterday accused each other of violating the 15th ceasefire in the Yugoslav conflict, brokered two weeks ago by Mr Cyrus Vance, the UN special envoy.

In an interview published yesterday in Borba, a Belgrade daily, Gen Biorcevic lashed out at the European Community for "destroying Yugoslavia, by recognising its fascist republics". He said: "The army is where it is because of the treason at the top of the state and in the army."

His remarks address the split in the top army ranks over withdrawal from Croatia and the demilitarisation of Serb irregular units. Admiral Stane Brovet, the deputy defence minister, yesterday repeated the army's plans to disarm paramilitary groups in Croatia. The general blamed Serbia's opposition leaders for the failure of the army to fill its ranks. The army and Serbia have denounced the recognition of Croatia and Slovenia.

"The army has no choice but to go on fighting until the victory over fascism," Gen Biorcevic said. The Serb-dominated army accuses Croatia of fascism, comparing it to the Ustashe [pro-Nazi] Independent State of Croatia set up in 1941, when hundreds of thousands of Serbs, Jews and gypsies were killed.

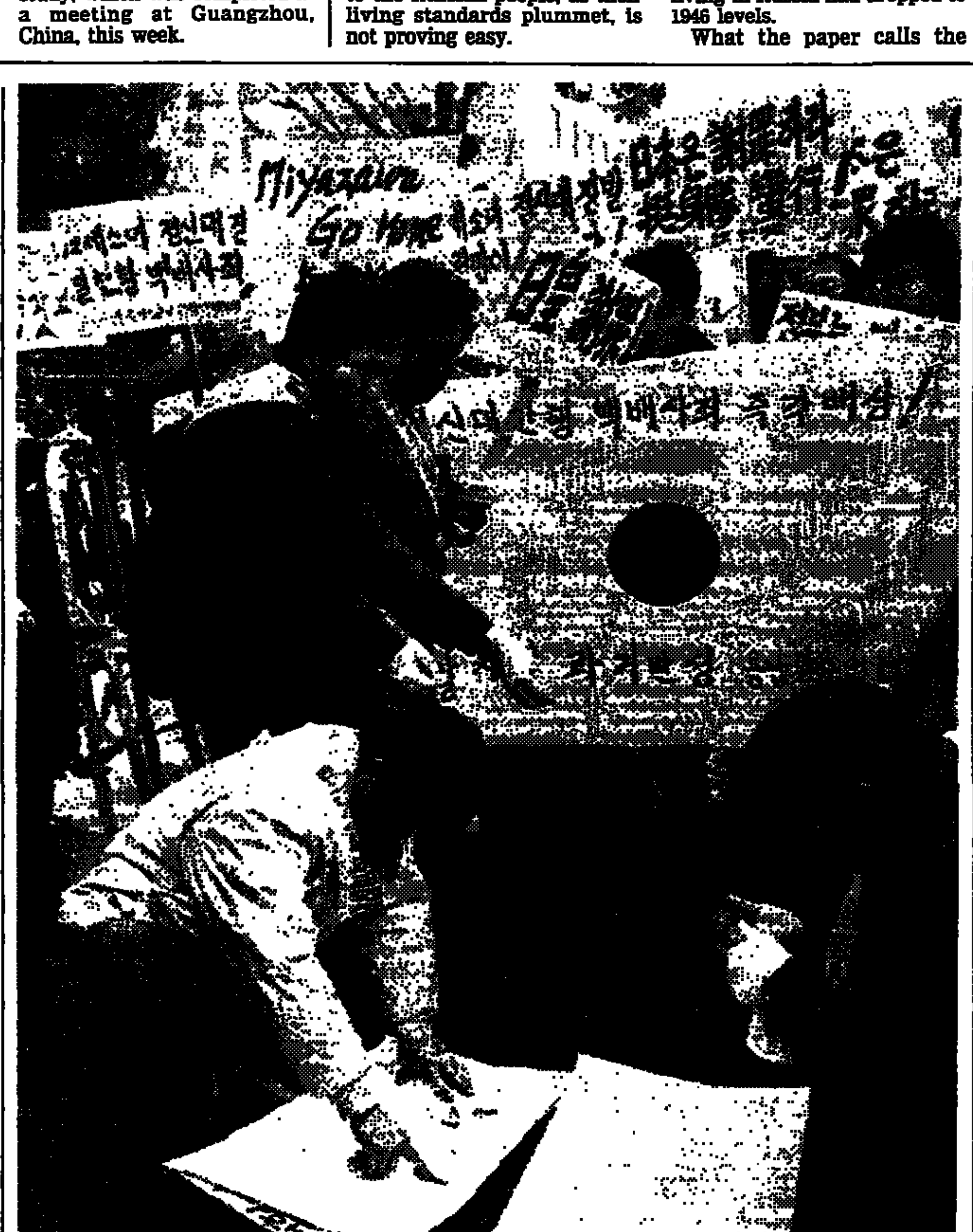
Gen Biorcevic pledged that "the army can fight to the end for the defence of the rest of Yugoslavia, for which it has the power as well as the support of the people".

● Italian President Francesco Cossiga yesterday began the first visit to Croatia by a foreign head of state since the former Yugoslav republic won international recognition earlier this week, Reuter reports from Zagreb.

Italian officials said his visit was partly aimed at counterbalancing German influence in newly-independent Slovenia and Croatia.

● A British photographer died after being shot by a sniper near the eastern Croatian town of Osijek yesterday, doctors said, Reuter reports.

Mr Paul Jenks, who worked for the Frankfurt-based European Press-photo Agency (EPA), died during surgery at Osijek hospital shortly after he was shot in the head in the village of Josipin Dvor.



South Korean demonstrators write protests in blood during an anti-Japan rally in Seoul yesterday as Japanese Prime Minister Kiichi Miyazawa met President Roh Tae-woo. The two countries agreed to hold talks on trade co-operation but refused to cut tariffs on South Korean exports, government officials said.

South Korea had called for tariff cuts on 16 items which are exported to Japan, removal of non-tariff barriers on leather and fishing industry products and a pledge on technology transfers.

# Eight-year low for US trade deficit as imports fall

By Michael Prowse in Washington

THE US trade deficit tumbled to its lowest level for more than eight years in November as recessionary forces curbed US demand for imports, the Commerce Department reported yesterday.

The merchandise trade deficit fell to \$3.6bn (£2bn), far below analysts' expectations of a shortfall of about \$6bn. The 40 per cent drop from October's deficit of \$6.3bn mainly reflected a 5.5 per cent decline in imports.

In a separate report, the Federal Reserve said industrial production fell 0.2 per cent in December to register its third consecutive monthly decline since the economy began to turn down in the autumn.

For 1991 as a whole industrial production fell 1.9 per cent, the first annual decline since 1982.

The University of Michigan's index of consumer sentiment was also reported to have fallen to 67.1 per cent in early January after 68.2 per cent in December, a sign that consumers remain in low spirits.

The decline in the trade deficit reflected a \$2.4bn decline in imports to \$41.0bn and a \$0.3bn increase in exports to \$37.5bn, a record in cash terms.

The deficit was running at a seasonally-adjusted annual rate of \$64.7bn in the first 11 months of last year, a sharp improvement from the annual shortfall of \$101.7bn in 1990. However, many economists expect the deficit to begin rising again later this year if the economy stages its expected recovery from recession.

Officals said the fall in industrial production last month partly reflected lower output from utilities because of warmer than usual weather.

The total was also depressed by a 1 per cent decline in the production of motor vehicles and parts. Overall manufacturing output, however, rose by a marginal 0.1 per cent, reflecting an increase in output of non-durable goods.

The operating rate of factories, mines and utilities fell 0.3 percentage points to 79.0 per cent, the lowest level since April and only fractionally above the trough reached last winter.

**The US plans to reduce shark fishing in the Atlantic, Caribbean and Gulf of Mexico, to try to preserve species threatened by a rising demand for shark-fin soup. George Graham writes from Washington.**

**The US National Marine Fisheries Service plans to impose commercial fishing quotas for 29 species of coastal shark, including the tiger shark, the great white shark and the hammerhead. Ten species of pelagic shark will also be protected, with particular safeguards placed around the mako shark, much sought after for its meat. Makos less than 66 inches long may not be killed.**

**US officials said overfishing had threatened the survival of some species, although none were yet listed as endangered.**

# Georgia edges closer to renewed civil conflict

By Neil Buckley

GEORGIA edged towards renewed civil conflict yesterday as ousted President Zviad Gamsakhurdia was reported to be gathering his forces in the western city of Zugdidi and opposition troops occupied Kutaisi, a city only 80km to the east.

In Moscow, Mr Georgy Chanturia, leader of Georgia's National Democratic party and the figurehead of the opposition to the Georgian president before being imprisoned last September, said he was deeply concerned about the consequences of Mr Gamsakhurdia's return.

"It could lead to a shoot-out, perhaps not civil war, but something of that kind," he said.

Mr Chanturia said he did not believe Mr Gamsakhurdia would succeed in re-establishing power, and thought he would be defeated in a maximum of two weeks.

"But the tragedy is that there may be more bloodshed among innocent people," he added.

He said Kutaisi had been occupied by opposition troops commanded by Mr Jaba Ioseliani, one of the leaders of the military council currently running the country, in order to block any march on Tbilisi by Mr Gamsakhurdia's forces.

The opposition leader said he did not believe that Mr Gamsakhurdia enjoyed widespread popularity even among his own Mingrel people, but was supported mainly by the "Gamsakhurdia establishment" – local officials who risked losing their jobs following the ousting of the president.

Local reports, however, said that Mr Gamsakhurdia had arrived in Zugdidi with more than 5,000 supporters in 26 buses.

The situation in Georgia was further complicated yesterday by the announcement that South Ossetia, formerly an autonomous region in the north of the republic, planned to hold a referendum tomorrow on possible unification with Northern Ossetia, part of the Russian Federation.

Sporadic fighting has raged between Ossetians and Georgians for more than a year.

# Hong Kong welcomes deal averting US-Sino trade war

By Nancy Dunne in Washington and Simon Holberton in Hong Kong

US and Hong Kong business groups yesterday applauded a last-minute settlement averting a trade war with China over its failure to protect adequately copyrights, patents and trademarks.

In a memorandum of understanding, signed yesterday, China agreed to provide protection for US inventions and copyrighted works, including computer software, product patents, sound recordings and trade secrets.

In Hong Kong, the government and business establishment yesterday responded with a positive, if cautious, welcome. The agreement has averted punitive trade sanctions against China, under "Special 301" section of the 1988 US trade law, which would have harmed the colony's economy.

The broad US-China agreement was won by insistent pressure in six rounds of negotiations and will be seen as a victory for US use of bilateral negotiations under the "Special 301" provision.

This success will be noted in Congress, if the Uruguay Round trade talks produce weaker sectoral protection measures such as those contained in the text proposed by Mr Arthur Dunkel, the director-general of the General Agreement on Tariffs and Trade (Gatt). To accept a Gatt agreement, the US will probably have to give up what has been a powerful weapon in its "fair trade" arsenal.

China promised to extend protection to existing copyrighted works and sound recordings as well as new works; protect computer programmes as literary works with a term of protection of 50 years after it joins the Berne Copyright Convention later this year; and confirm that copyright owners of computer programmes and sound recordings will have control of the rental of their works.

However, the resolution of this US-China dispute is seen in Hong Kong as just the first of three obstacles which US and Chinese negotiators have to overcome before fears in the colony are allayed.

Mrs Hills is preparing further actions against China, under the 301 umbrella, over trade policy issues; and, Congress gives every indication of wanting to fight President George Bush on the renewal of China's Most Favoured Nation (MFN) status. Mr Bush has to renew China's MFN status by June 3.

The prospect of China losing its MFN status was "in the realm of the unthinkable", one senior Hong Kong trade official said yesterday.

# Pakistan and France sign power deal

By Ian Davidson in Paris

FRANCE and Pakistan have signed two financial protocols, to a total value of FFr1bn (£103.2m) for French companies to build two conventional power stations in Pakistan.

But a French offer to supply Pakistan with a 900MW nuclear power station has been put on hold, because France now insists all civil nuclear exports must be subject to inspection under the nuclear Non-Proliferation Treaty (NPT).

The protocols were agreed during the visit to Paris of Mr Nawaz Sharif, the Pakistani prime minister. The two sides also agreed the sale of three French minesweepers to Pakistan, to a value of FFr1.3bn.

The French offer to supply a nuclear power station was first made by President François Mitterrand just under two years ago. France has continued to assert its readiness to co-operate with Pakistan in the civil nuclear field, but only in conformity with the controls required by France's adherence to the NPT.

France is also reported to have agreed to pay Pakistan FFr600m to settle a long-standing dispute about the decision in 1978, by President Valéry Giscard d'Estaing, to cancel an agreement to supply Pakistan with a nuclear reprocessing plant.

# Brazil IMF loan delay

THE International Monetary Fund has delayed a decision over the approval of a crucial \$2bn (£1.1bn) loan to Brazil, **Christina Lamb writes from Rio de Janeiro.**

Brazilian officials said the meeting, due to take place next Wednesday, has been delayed because it would clash with a meeting of heads of state from the former Soviet Union which Mr Michel Camdessus, the IMF chief, is to attend.

However the week-long delay is also seen as linked to the government's failure to win congressional approval for increased social security contributions to pay for a court-ordered 147 per cent rise in pensions. The government insists it will not resort to printing money, but has yet to explain where it hopes to find the necessary \$10bn without destroying the fiscal targets it has presented to the IMF.

# No cheer for Spain or UK in Gibraltar poll

## Bossano's re-election is a mandate to seek constitutional change, Tom Burns writes

THE complexities of the Gibraltar dispute, which bedevils diplomatic relations between London and Madrid, have been thrown into sharp relief by the landslide re-election of Mr Joe Bossano as chief minister this week.

The results of Thursday's elections to the House of Assembly in the tiny British crown colony on Spain's southern tip were announced yesterday. They gave Mr Bossano's Gibraltar Socialist Labour party (GSLP) 73 per cent of the votes cast by the 14,000 voters in a four-way contest, up from 58 per cent in 1988.

Mr Bossano, 52, a former union official, now has a mandate to push for constitutional changes viewed with trepidation by London and with outright hostility by Madrid.

These include an end to Gibraltar's colonial status, which would reflect Britain's shrinking military presence on the rock, and the transfer of responsibility for the rock's foreign affairs from the UK to the European Community.

Gibraltar joined the EC in 1973 as a dependent British territory but it remains outside the Community's Common Customs Tariff.

Mr Bossano plans to bypass the 1713 Treaty of Utrecht – under which Spain ceded Gibraltar to the British crown in perpetuity, with the stipulation that should the UK relinquish the colony it would revert to the Spanish crown. "The treaty of Utrecht is completely out of date. It doesn't envisage anything existing other than monarchies," the chief minister said.

The British government has nevertheless made it plain that the independence planned by Mr Bossano is not an option: either Gibraltar is British or it is Spanish. The Madrid government is meanwhile adamant that, while all forms of safeguards can be arranged to accommodate Gibraltar's way of life, the territory has to revert to Spanish sovereignty.

Desultory annual talks between Britain and Spain on Gibraltar's future have been fiercely criticised, and boycotted, by Mr Bossano. He has concentrated instead on creating the basic infrastructure required to assure Gibraltar a prosperous niche in the off-shore finance industry and has built impressive modern office facilities on land reclaimed from the harbour where a dockyard once stood.

Gibraltar's off-shore potential has certainly been recognised by four Spanish banks operating on the rock. One of them, Banco Bilbao Vizcaya, recently used Gibraltar's high-profile lawyers and financial experts to place a \$300m (£167.5m) preferential share issue on the New York stock market.

But Gibraltar's long-term viability as a finance centre depends on Spain's acquiescence. At present, Spain does everything in its power – from ensuring endless queues at the customs post on the frontier to branding Gibraltar as a money-laundering centre – to hinder the off-shore activities.

Spain's latest obstructionist weapon is its determination to exclude Gibraltar from the Community's External Frontiers Convention unless there is progress in the sovereignty negotiations with the UK. Spain's veto prevented agreement on the Convention, which will govern free movement of people within the Community next year, at last month's Maastricht summit.

Spain is, in particular, pressing for the dual use of Gibraltar airport, on the isthmus linking the Rock to Spain, a no-man's land under the Treaty of Utrecht.

London and Madrid agreed to dual use more than four years ago but implementation of the agreement has been blocked by Mr Bossano.

Gibraltar's offshore plans would be dealt a possibly mortal blow if the intransigence of Mr Bossano and the Spanish government meant the rock was excluded from the Convention.

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